

# **EXHIBIT 40**



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I N D E X

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3 WITNESS:

4 TAUSIF HASAN PAGE

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6 Examination by Mr. Burns 4

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E X H I B I T S

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1 DEPOSITION OF TAUSIF HASAN was taken

2 on May 7, 2024, commencing at 1:07 p.m. at

3 DICKINSON WRIGHT, 1850 North Central Avenue,

4 Suite 1400, Phoenix, Arizona, before KRISTI K.

5 SPIRES, a Certified Reporter in the State of Arizona.

6

7 COUNSEL APPEARING:

8

9 For the Plaintiff:

10 DICKINSON WRIGHT, PLLC

11 By: Bradley A. Burns

12 By: D. Samuel Coffman

13 1850 North Central Avenue, Suite 1400

14 Phoenix, Arizona 85004

15

16 For the Defendants:

17 THORPE SHWER, PC

18 By: Andrew H. Merrett

19 3200 North Central Avenue, Suite 1560

20 Phoenix, Arizona 85012

21

22 Also Present: Melinda White

23 Todd McGee (via videoconference)

24

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2 TAUSIF HASAN, a witness herein,

3 having been first duly sworn by the Certified Court

4 Reporter to speak the truth and nothing but the

5 truth, was examined and testified as follows:

6

7 EXAMINATION

8 BY MR. BURNS:

9 Q. Good afternoon. Let's start by stating your

10 name for the record.

11 A. Tausif Hasan.

12 Q. Can you spell it?

13 A. It's T-A-U-S-I-F H-A-S-A-N.

14 Q. Have you ever been deposed before?

15 A. No.

16 Q. Have you ever been a party in a lawsuit

17 before?

18 A. No.

19 Q. Have you ever given testimony in court before

20 or anything like a court?

21 A. No.

22 Q. So this is -- so today is your first time

23 under oath giving testimony in person, right?

24 A. Yes.

25 Q. Let's talk about some basic ground rules of a





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1 deposition.  
2 This is our opportunity to ask questions.  
3 The goal is to discover what you know, for you to  
4 testify about what you know and to talk about it. So  
5 some basic ground rules are: It's a  
6 question-and-answer session. I ask a question, take  
7 one second, let your attorney jump in and object if  
8 he has an objection.  
9 **A. Okay.**  
10 Q. He'll state his objection for the record if  
11 he has one, and then you proceed to answer the  
12 question.  
13 What doesn't work is when we're talking  
14 over each other. We will do it today because  
15 everyone does it in every deposition.  
16 **A. Okay.**  
17 Q. But when we do it, the court reporter might  
18 chime in, and then we try to be good about it. We  
19 like nice clean questions and answers.  
20 **A. Okay.**  
21 Q. What's important is that you understand the  
22 questions that I'm asking. Sometimes attorneys ask  
23 poor questions. Sometimes the question is great, but  
24 you just don't understand it.  
25 **A. Right.**

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1 Q. If you don't understand a question, please  
2 let me know. I'll rephrase the question, and we'll  
3 work through it together.  
4 The other thing is if you need a break,  
5 just let me know. This is not supposed to be some  
6 kind of marathon punishment session. But I'll ask  
7 that breaks be taken after a question is answered,  
8 not while they're pending.  
9 **A. Right.**  
10 Q. Are you on any medications that could impair  
11 your ability to answer my questions today?  
12 **A. No.**  
13 Q. Any other conditions, situations, concerns  
14 that would impair your ability to answer questions?  
15 **A. No.**  
16 Q. Where do you reside?  
17 **A. Chandler, Arizona.**  
18 Q. Just go ahead and give me your residential  
19 address.  
20 **A. 1701 West Flamingo Drive, Chandler, Arizona**  
21 **85286.**  
22 Q. How long have you lived there?  
23 **A. About five months.**  
24 Q. Previous to that, where did you live?  
25 **A. I lived in Chandler at 1625 West Enfield Way,**

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1 **Chandler 85286.**  
2 Q. How long did you live there?  
3 **A. About ten years.**  
4 Q. Tell me about your educational background  
5 after high school.  
6 **A. I have bachelor's in accounting, and I have**  
7 **Certified Healthcare Financial Professional**  
8 **certification.**  
9 Q. Tell me about the bachelor's in accounting.  
10 Where did you get it?  
11 **A. I got it from University of Karachi.**  
12 Q. Where is that located?  
13 **A. That was back home in Pakistan.**  
14 Q. And then that's the last, like, college  
15 degree you got, right?  
16 **A. The degree, yes. But I did get higher**  
17 **education from ASU in accounting, no degree.**  
18 Q. Was it a degree program that you were in, or  
19 was it just, like, continuing education?  
20 **A. It was continuing education.**  
21 Q. Tell me about the ASU program.  
22 **A. I took courses at 300 and 400 levels.**  
23 Q. Tell me about the courses. I'd like to know  
24 just generally about it. What was it about?  
25 **A. It was management accounting, and it was all**

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1 **of the other prospects of accounting.**  
2 Q. Anything about accounting ethics?  
3 **A. I don't know. I don't remember.**  
4 Q. You mentioned a certification. I missed it.  
5 What was it?  
6 **A. CHFP. That is very famous in healthcare**  
7 **industry. It's a Certified Healthcare Financial**  
8 **Professional certification through HFMA.**  
9 Q. Does that certification involve any courses  
10 in ethics?  
11 **A. No. They have two exams basically just like**  
12 **CPA. You pass the first one, and then you have about**  
13 **a year to pass the second one. If you don't, then it**  
14 **expires. You have to do it all over again. It's**  
15 **just like CPA, but it's only for the healthcare**  
16 **professions.**  
17 Q. I take it that you're not a CPA?  
18 **A. No.**  
19 Q. Have you ever been a CPA?  
20 **A. No.**  
21 Q. Other than what you've already told me, any  
22 other professional licenses or certifications?  
23 **A. No.**  
24 Q. I'd like to learn about your first job in  
25 accounting.





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1 **A. This was back in '96 at Healthsouth rehab**  
2 **hospital. I was an accountant.**

3 Q. Where was that?

4 **A. It was in Glendale, Arizona.**

5 Q. So your first accounting job was in the  
6 United States in about 1996?

7 **A. About 1996.**

8 Q. Have you ever had an accounting job outside  
9 of the healthcare industry?

10 **A. In between it was medical equipment, but it**  
11 **was related to healthcare. I think mostly my**  
12 **25 years is in healthcare.**

13 Q. I would just like to run through the jobs  
14 that you've had. So tell me what happened after the  
15 Healthsouth accountancy job.

16 **A. Then I joined Native American Connections,**  
17 **which was the drug and alcohol abuse rehabilitation**  
18 **center. I was there. And then after that, I joined**  
19 **Scottsdale Healthcare, which is now HonorHealth.**  
20 **After that, I was with Casa Grande Regional Medical**  
21 **Center.**

22 Q. So approximately when did you join Native  
23 American Connections?

24 **A. It was back in 2000.**

25 Q. And then approximately when at Scottsdale

1 Q. Had you been a healthcare consultant before?

2 **A. No.**

3 Q. Did you want to be a healthcare consultant?

4 **A. I have experience.**

5 Q. I'm trying to understand: Were you trying to  
6 get a financial accounting job, or were you trying to  
7 get something different?

8 **A. When I joined Razaghi, it was a healthcare**  
9 **consultant job, but they told me that they are**  
10 **managing a hospital. So that interested me because I**  
11 **had hospital background.**

12 Q. Obviously you get hired. What do you get  
13 first hired to do at Razaghi Healthcare?

14 It's got a bunch of different names.

15 What did the company go by when you were there? What  
16 was the most common name?

17 **A. As I know, Razaghi Healthcare.**

18 Q. We'll call "Razaghi Development Company"  
19 "Razaghi Healthcare." Are you okay with that?

20 **A. Sure.**

21 Q. So what was your first role at Razaghi  
22 Healthcare?

23 **A. I was a consultant. I was doing the**  
24 **probation period of 90 days. So I was just doing --**  
25 **looking at the processes. They gave me a project of**

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1 Healthcare?

2 **A. 2001.**

3 Q. And approximately when at Casa Grande  
4 Regional?

5 **A. 2003.**

6 Q. And then what after that?

7 **A. 2010 I was with Healing Medical Equipment,**  
8 **which was DME, and I was there for about three years.**  
9 **After that, I was with White Mountain Regional**  
10 **Medical Center, and I was there for two years.**

11 Q. So now we're at approximately 2015, right?

12 **A. After that, I had one more at Cobre Valley**  
13 **Regional Medical. I was there for about eight**  
14 **months. It was in Globe. It was too difficult for**  
15 **me to commute, so I left that job.**

16 Q. So what year do you end up getting connected  
17 with Razaghi Development Company?

18 **A. September 2015.**

19 Q. Tell me about how you first met  
20 Ahmad Razaghi.

21 **A. In my first interview.**

22 Q. So how did you find this job then?

23 **A. It was on Indeed.**

24 Q. What was the job that you were applying for?

25 **A. That was a healthcare consultant job.**

1 **if we have a startup company how to create processes**  
2 **for accounting department: payroll, AP, general**  
3 **ledger.**

4 Q. You say "creating processes." Were there  
5 in-place processes already?

6 **A. No. No. I'm not talking about they have.**  
7 **They just give me a project of how to do this, how to**  
8 **create it.**

9 **So I put the processes -- this is how you**  
10 **process to make sure -- if you are creating a new**  
11 **accounting department, how to do, what to do.**

12 Q. What did you understand that process you  
13 made -- what would it be used for?

14 **A. Used for the companies if they have clinic --**  
15 **medical clinic, how to create an accounts receivable**  
16 **department, billing and coding. What do we have to**  
17 **do in order to make it -- people to work on it in the**  
18 **system. AP, the same way. Payroll, the same way.**  
19 **General ledger, the same way.**

20 Q. So it was kind of -- the project was if you  
21 were starting from scratch, this is how you'd build  
22 the department?

23 **A. Right.**

24 Q. Does your project here -- I mean, you  
25 obviously make it past the probationary period,





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1 right?  
2 **A. No. That was in the probationary period.**  
3 Q. Right. But you end up staying at Razaghi  
4 Healthcare past the probationary period, right?  
5 **A. Yes.**  
6 Q. Now, the project that you did during the  
7 probationary period, you just described it.  
8 **A. Right.**  
9 Q. What is that used for later?  
10 **A. For nothing. They wanted to see if I have**  
11 **enough knowledge to have the processes in place, how**  
12 **to do it. They wanted to know if I understand how it**  
13 **works.**  
14 Q. So the processes you made, they don't end up  
15 getting used for anything?  
16 **A. Get what?**  
17 Q. They don't end up getting used for anything?  
18 **A. No.**  
19 Q. So it was some kind of 90-day test or  
20 something like that, right?  
21 **A. Yes.**  
22 Q. What was the results of this test? Did  
23 anybody give you feedback on how well you had done?  
24 **A. At that time, Todd was the CFO. I showed**  
25 **him, and he looked at it, and he said it looks good.**

1 **A. Sure.**  
2 Q. So your first work when you actually started  
3 full-time is with Sage; is that true?  
4 **A. Yes. But I was not involved in doing**  
5 **anything. I was just looking and seeing what**  
6 **everyone is doing with the processes. I was not**  
7 **involved in any other processes over there like doing**  
8 **any research or working with the auditors. I was not**  
9 **involved with that.**  
10 Q. But you were evaluating the accounting  
11 processes they had, right?  
12 **A. Yes. Just looking into it, observing it.**  
13 Q. And what did you learn? What did you  
14 conclude after you did that?  
15 **A. There were so many things to be improved at**  
16 **that time. That's what I learned.**  
17 Q. It was a mess, right?  
18 **A. Right.**  
19 Q. How did you and Razaghi Healthcare go about  
20 fixing that mess?  
21 **A. When they made me director of finance, I**  
22 **start looking into processes. I made adjustments in**  
23 **there, and we get better.**  
24 Q. How did you do that? How did it get better?  
25 **A. Can you explain what the question is there?**

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1 Q. Did Mr. Razaghi have an opinion about your  
2 work?  
3 **A. I don't know. My contact was with the CFO at**  
4 **that time.**  
5 Q. Can you give me his full name?  
6 **A. His what?**  
7 Q. His full name.  
8 **A. Todd McGee.**  
9 Q. Once you start full-time, you directly report  
10 to who?  
11 **A. Todd McGee.**  
12 Q. Anyone else?  
13 **A. He's the only one.**  
14 Q. So when you start full-time, what is your job  
15 title?  
16 **A. I was -- the first time I went to Sage with**  
17 **Todd McGee, it was audit in process. I just went**  
18 **there to see how everything is going, how everything**  
19 **works.**  
20 Q. Okay. You just said "Sage." Was that  
21 referring to the Navajo Health Foundation, Sage  
22 Memorial Hospital, Incorporated?  
23 **A. Yes.**  
24 Q. So that business entity we'll refer to as  
25 "Sage" today. Is that all right with you?

1 Q. Sure.  
2 So you just said that you worked on  
3 making it better.  
4 **A. Uh-huh.**  
5 Q. I'm trying to understand how you worked on  
6 making it better. What did you do?  
7 **A. You just look at the processes, what they are**  
8 **doing currently. For example, in revenue cycle if**  
9 **you are getting a lot of denials, a lot of billing is**  
10 **not on time, it gets delayed. The payments get**  
11 **delayed.**  
12 So you make sure that you start creating  
13 the process that everything is related to each other:  
14 medical records, registration. So everything is  
15 linked. So if the medical record is delayed, the  
16 billing is delayed. So you make sure that everything  
17 is on time. We set up the timing for it.  
18 And then once it comes to the billing  
19 side, they make sure that they have certain days to  
20 bill it so we can get timely payments on it. So  
21 those are the things that I was looking for.  
22 Q. What about the accuracy of information that  
23 is inputted in an accounting system? Is that  
24 something you worked on?  
25 **A. Repeat the question.**





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1 Q. How about the accuracy of information that is  
2 put into the accounting system? Is that something  
3 you worked on?  
4 **A. Yes.**  
5 Q. Why is that important?  
6 **A. Because accuracy is the main key for the**  
7 **hospitals.**  
8 Q. What about, like, invoice review processes?  
9 Is that something you evaluated?  
10 **A. Yes.**  
11 Q. Tell me what you did there.  
12 **A. Invoices are -- when it comes to the**  
13 **hospital, first of all, the AP side looks at it**  
14 **whether it's PO related or non-PO related. If it is**  
15 **PO related, then you don't need an authorization**  
16 **because it has already been done.**  
17 **When it is non-PO related, it goes to**  
18 **whoever department that it relates to, and the**  
19 **director or manager has to approve that it is the**  
20 **right amount and the right pieces.**  
21 **Once it comes back, then AP processes it.**  
22 **Once they are done, they send it to the controller to**  
23 **verify those pieces. You look at it, and you verify**  
24 **it, and it goes back and process the payments.**  
25 Q. So ultimately who's the person that has final

1 BY MR. BURNS:  
2 Q. Did you know that Sage had a board of  
3 directors?  
4 **A. Yes.**  
5 Q. What was your understanding of the role of  
6 the board of directors?  
7 **A. The board of directors are responsible for**  
8 **the decision -- whatever the executive leadership**  
9 **made. They go in front of the board and explain**  
10 **that. If it is good for the hospital, they will look**  
11 **at it and approve it.**  
12 Q. So this initial job you have at Razaghi  
13 Healthcare, I understand it lasts for some amount of  
14 time and then it changes.  
15 Can you tell me what the job was and when  
16 did it change?  
17 **A. Repeat the question.**  
18 Q. You had a role when you started at Razaghi  
19 Healthcare, correct?  
20 **A. Are we talking about the initial, or are we**  
21 **talking once I get the --**  
22 Q. Initial.  
23 **A. As a healthcare consultant.**  
24 Q. And how long does that last?  
25 **A. 90 days.**

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1 say on invoice payments?  
2 MR. MERRETT: Form.  
3 **THE WITNESS: Invoice payments usually is**  
4 **the controller job. I was director of finance. I**  
5 **was approving it. Once it's done, it goes to the CFO**  
6 **to the final approval.**  
7 BY MR. BURNS:  
8 Q. Why is it important to have multiple people  
9 approve invoices?  
10 **A. It's because of the pieces that is the**  
11 **process in accounting system for the hospital.**  
12 **That's how it works in every hospital.**  
13 Q. What was your understanding of what Sage's  
14 business was when you first got involved?  
15 **A. It's a hospital, see patients.**  
16 Q. Did you know it was a nonprofit corporation?  
17 **A. Yes.**  
18 Q. Ultimately who's the decider of the business  
19 decisions of a nonprofit corporation like Sage?  
20 MR. MERRETT: Form and foundation.  
21 BY MR. BURNS:  
22 Q. What was your understanding when you started  
23 working for Sage?  
24 MR. MERRETT: Form and foundation.  
25 **THE WITNESS: I don't know.**

1 Q. After that, what's the job you get hired into  
2 more permanently?  
3 **A. I explained that earlier about I went to Sage**  
4 **with the CFO and just observe the first couple of**  
5 **months. I did not involve in any matters over there.**  
6 Q. What happens after that?  
7 **A. I became director of finance. I think it was**  
8 **in 2016, if I remember correctly.**  
9 Q. Director of finance of what? Of Razaghi  
10 Healthcare?  
11 **A. For Sage.**  
12 Q. Who did you report to as director of finance  
13 for Sage?  
14 **A. Todd McGee, CFO.**  
15 Q. When you received, like, paychecks, what  
16 entity would they come from during that time?  
17 **A. For?**  
18 Q. When you were director of finance for Sage,  
19 who would actually pay your salary?  
20 **A. My salary comes from Razaghi Healthcare.**  
21 Q. And you understand that Sage would reimburse  
22 Razaghi Healthcare for that salary?  
23 **A. Yes.**  
24 Q. How long were you director of finance for  
25 Sage?





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1 **A. It was six or seven months.**  
2 Q. What happens after director of finance?  
3 **A. I was promoted to CFO.**  
4 Q. What happened to Mr. McGee?  
5 **A. He left.**  
6 Q. Do you know why he left?  
7 **A. I don't know.**  
8 Q. Did he ever tell you why he was leaving?  
9 **A. No.**  
10 Q. Did Mr. Razaghi ever tell you why Mr. McGee  
11 was leaving?  
12 **A. No.**  
13 Q. Did anyone ever tell you why Mr. McGee was  
14 leaving?  
15 **A. No.**  
16 Q. Did you ask?  
17 **A. No.**  
18 Q. Did you have any impression of why he might  
19 not want to be there anymore?  
20 **A. No.**  
21 Q. So when do you become CFO?  
22 **A. In January of 2017.**  
23 Q. And this is -- you're CFO of Sage, not CFO of  
24 Razaghi Healthcare.  
25 **A. Sage.**

1 What do you mean by that? What was her  
2 perspective?  
3 **A. You know, I cannot say. I mean, she -- by**  
4 **the beginning of the audit -- when audit comes in,**  
5 **let's say, November, she comes to me and said to fire**  
6 **this person without any reason.**  
7 Q. And you disagreed with that?  
8 **A. And I disagreed.**  
9 Q. Are you thinking of a particular person? Who  
10 was it?  
11 **A. No. I don't know the name.**  
12 Q. So you just didn't get along with her; is  
13 that right?  
14 **A. That is correct.**  
15 Q. So you decide to leave. How do you -- how do  
16 you go out? I mean, who do you tell that you're  
17 resigning?  
18 **A. I told Christi and Ahmad.**  
19 Q. What was Mr. Razaghi's reaction?  
20 **A. He was okay with that at that time.**  
21 Q. Okay. And what was Christi's reaction?  
22 **A. She was fine.**  
23 Q. So what month did you say you actually left?  
24 **A. August of 2017.**  
25 Q. And then you do come back, I think, in

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1 Q. Same thing with the paychecks when you became  
2 CFO?  
3 **A. Yes.**  
4 Q. How long do you stay -- I understand you  
5 leave and come back. But how long do you stay in  
6 that CFO position?  
7 **A. I was there through August of 2017. So about**  
8 **seven or eight months. And then I left, and from the**  
9 **request, I came back in December of 2017.**  
10 Q. So why did you leave?  
11 **A. Because at that time the administrator,**  
12 **Christi El-Meligi, was not capable of doing -- her**  
13 **leadership was bad. I was having trouble working**  
14 **with her because she always wants me to hire or fire**  
15 **someone from her perspective.**  
16 **And I said, you know, "Let me do my job."**  
17 **And she said, "You have to do what I have**  
18 **you do."**  
19 **I said, "If that is the case, I'm out of**  
20 **here." So I left.**  
21 Q. So you said, "Hire or fire someone from her  
22 perspective." Did I hear that right?  
23 **A. Yes.**  
24 Q. That was one of the things that concerned  
25 you, I think you were saying.

1 December; is that right?  
2 **A. December 2017.**  
3 Q. How did it come about that you decided to  
4 come back? How did that occur?  
5 **A. They ask me to come back because**  
6 **accounting and financial department was a mess.**  
7 Q. Who is "they"?  
8 **A. Ahmad.**  
9 Q. I have no problem with first names. But when  
10 you refer to "Ahmad," you mean Mr. Razaghi?  
11 **A. Mr. Razaghi, yes.**  
12 Q. You can use Ahmad now. I just want to be  
13 clear.  
14 **A. Okay.**  
15 Q. So Mr. Razaghi invited you back; is that  
16 right?  
17 **A. Yes.**  
18 Q. And he had told you that the accounting  
19 department was a mess, right?  
20 **A. Yes.**  
21 Q. Was it a mess when you arrived?  
22 **A. Yes.**  
23 Q. Tell me the ways in which it was a mess.  
24 **A. I left in August, and then I came back in**  
25 **December, and it was audit time. There was a lot of**





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1 reconciliations, a lot of GL accounts was not  
2 reconciling at all. Especially when you are working  
3 with the grants and funding through the government,  
4 you have to make sure that everything reconciles  
5 because they look at it very closely. And nothing  
6 reconciles.

7 So I have to come in and do it all over.  
8 I have to do the reconciliation, the fixed asset,  
9 which is -- you have to make sure that that  
10 reconciles for the GL side. Nothing reconciles at  
11 that time.

12 Q. You eventually have it reconcile or not?

13 A. So I did that for the audit. You have to do  
14 it in a certain period of time.

15 Q. But given the mess that it was in when you  
16 got there in December of 2017, did you have any  
17 confidence in the financial statements that were  
18 getting made around that time?

19 A. The financial statements I have to do before  
20 the year because that's what the audit is for. It's  
21 to make sure that you have correct financials, and  
22 then you present it to the auditors. So I did a lot  
23 of adjustments at that time.

24 Q. Did you feel it was fully corrected by the  
25 time the audit was done?

1 A. Invoice, to me, is a simple process. The  
2 invoice comes in. You verify it either through the  
3 PO system or through the manager or director. They  
4 verify it, and then you process it.

5 Q. But an invoice is an example of a piece of  
6 information that is inputted in the accounting system  
7 that ends up yielding financial statements, right?

8 A. That is correct.

9 Q. And I'm talking about for every single piece  
10 of accounting information that is put into the system  
11 in December of 2017, that system was very flawed,  
12 wasn't it?

13 A. I mean, we corrected it. At that time, there  
14 was so many mistakes in there on the GL side.

15 Q. And you didn't personally individually go  
16 look at every piece of underlying information  
17 underlying the accounting system, right?

18 A. No.

19 Q. So when the system had been flawed for some  
20 time before your return, the results may not have  
21 been consistent with reality, right?

22 A. I don't know.

23 Q. An audit wouldn't have caught that because  
24 the audit doesn't look that deep, correct?

25 A. Audit looks at the key pieces plus they look

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1 A. No.

2 Q. What wasn't corrected?

3 A. Some of the pieces -- because there are so  
4 many things going in there, you just can't have a  
5 single person to do it. And there was some  
6 weaknesses, some pieces in the audit, which is pretty  
7 common. Every hospital has those, but we corrected  
8 after.

9 Q. Wasn't there a problem with the quality of  
10 information that was being inputted in the accounting  
11 system at the very bottom level? The consistency of  
12 the way invoices were put in? The way POs were  
13 processed? What I'm talking about is the very  
14 beginning of the accounting process. Weren't there  
15 flaws in the way that was done?

16 MR. MERRETT: Form; foundation.

17 THE WITNESS: Repeat the question.

18 BY MR. BURNS:

19 Q. Accounting products that end up getting  
20 audited are fairly complicated, right?

21 A. Right.

22 Q. There are numbers that are highly derivative  
23 of other things that create them, right?

24 A. Uh-huh.

25 Q. Such as an invoice, right?

1 at, you know, how the system -- that's why they look  
2 at the processes, how are we entering into the GL  
3 system. And then they look at basic things, each  
4 individual line item. I'm talking about the  
5 operating costs, how everything is done. And then  
6 they find out if there is any mistakes or any issues  
7 in there.

8 Q. The point is they're not looking at every  
9 scrap of paper, right?

10 A. No.

11 Q. So when you return in December 2017, who do  
12 you directly report to?

13 A. At that time, I was just reporting to the  
14 administrator, co-CEO of Sage Memorial.

15 Q. Who is that?

16 A. At that time, it was Tadd Greenfield.

17 Q. How regularly would you meet with  
18 Tadd Greenfield?

19 A. If he's at Sage, then we meet, like, every  
20 day or every other day.

21 Q. How often were you at Sage physically?

22 A. Every two weeks I used to go there for a  
23 week.

24 Q. And in between that time, you didn't share an  
25 office with Tadd?





<p style="text-align: right;">Page 30</p> <p>1 <b>A. When I'm at Scottsdale office and Tadd is</b>  2 <b>there, then we meet.</b>  3 Q. How about Mr. Razaghi? How often did you  4 interact with him in your CFO role, starting in  5 December 2017?  6 <b>A. Maybe once every two weeks. Whenever he's in</b>  7 <b>the office.</b>  8 Q. What kind of direction would you get from  9 Mr. Razaghi?  10 MR. MERRETT: Form.  11 <b>THE WITNESS: I don't.</b>  12 BY MR. BURNS:  13 Q. No direction?  14 <b>A. I don't.</b>  15 Q. Did you ever receive direction from  16 Mr. Razaghi after you became CFO?  17 <b>A. I have direct contact with Tadd Greenfield.</b>  18 Q. So that's a no, you never received any  19 direction from Mr. Razaghi from December 2017 on?  20 <b>A. No.</b>  21 Q. We've established that you're CFO of Sage  22 during this time. That's chief financial officer,  23 right?  24 <b>A. Yes.</b>  25 Q. What duties do you think you had to Sage?</p>	<p style="text-align: right;">Page 32</p> <p>1 <b>A. I don't know.</b>  2 Q. Who notified you that you had been terminated  3 by Razaghi Healthcare?  4 <b>A. Mr. Razaghi.</b>  5 Q. Why did he tell you you were being  6 terminated?  7 <b>A. I don't know.</b>  8 Q. Did he explain anything about why you were  9 being terminated?  10 <b>A. Because he doesn't have any of the contracts</b>  11 <b>of --</b>  12 Q. So -- go ahead. Sorry.  13 <b>A. That was the only contract they hired me for.</b>  14 <b>When the contract terminated, I was -- I left too.</b>  15 Q. And that's approximately September-ish 2018?  16 <b>A. Yeah. The first or second week of September.</b>  17 Q. What do you do after that?  18 <b>A. I was out of job for about nine months, and</b>  19 <b>then I joined San Carlos Apache as interim CFO.</b>  20 Q. Did you have any other business dealings with  21 Mr. Razaghi after September 2018?  22 <b>A. No.</b>  23 Q. Did you work for any entity affiliated with  24 him?  25 <b>A. No.</b></p>
<p style="text-align: right;">Page 31</p> <p>1 MR. MERRETT: Form and foundation.  2 <b>THE WITNESS: My job is to look at</b>  3 <b>financial operations, give them the leadership and</b>  4 <b>manage the departments. I was managing about six or</b>  5 <b>seven departments.</b>  6 BY MR. BURNS:  7 Q. If there was a conflict between Razaghi  8 Healthcare and Sage while you were CFO of Sage, who  9 was your duty of loyalty to?  10 MR. MERRETT: Form and foundation.  11 <b>THE WITNESS: I don't know.</b>  12 BY MR. BURNS:  13 Q. You don't know?  14 <b>A. My fiduciary duty is with Sage.</b>  15 Q. I want to understand how your employment at  16 Sage -- well, actually, your employment at Sage ends.  17 When does that end?  18 <b>A. August of 2018.</b>  19 Q. Why did that end?  20 <b>A. They terminated our contract.</b>  21 Q. When did your employment at Razaghi  22 Healthcare end?  23 <b>A. I think the first or second week of</b>  24 <b>September.</b>  25 Q. Why did that happen?</p>	<p style="text-align: right;">Page 33</p> <p>1 Q. Did any compensation come to you from  2 Mr. Razaghi or Razaghi Healthcare after  3 September 2018?  4 <b>A. No.</b>  5 Q. What's your current relationship with Razaghi  6 Healthcare?  7 <b>A. No relationship.</b>  8 Q. What about Mr. Razaghi himself? Anything  9 ongoing?  10 <b>A. Occasionally we talk on the phone.</b>  11 Q. Okay. When was the last time you talked to  12 Mr. Razaghi?  13 <b>A. I would say about two weeks ago.</b>  14 Q. What did you guys talk about?  15 <b>A. Just family.</b>  16 Q. Do you consider Mr. Razaghi a friend?  17 <b>A. Yes.</b>  18 Q. Did you discuss anything other than family in  19 this call two weeks ago?  20 <b>A. No.</b>  21 Q. And when was the last time you discussed --  22 well, strike that.  23 Have you ever discussed this case with  24 Mr. Razaghi -- this case we're in today?  25 <b>A. Initially because my name was in there, so we</b></p>





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1 discussed about this lawsuit.

2 Q. Tell me about those discussions.

3 **A. Not a detailed discussion. It was just**  
4 **basically that we have to prepare ourself for this**  
5 **lawsuit.**

6 Q. Who's paying your legal bills?

7 MR. MERRETT: Form and foundation.

8 To the extent it's privileged, I'm going  
9 to ask him not to answer the question.

10 MR. BURNS: Are you instructing him not  
11 to answer?

12 MR. MERRETT: I am.

13 MR. BURNS: A third-party payer you're  
14 contending is privileged?

15 MR. MERRETT: That's a fair  
16 clarification.

17 You can answer whether you're paying your  
18 attorneys fees or not.

19 **THE WITNESS: I'm not.**

20 BY MR. BURNS:

21 Q. Take a second after I ask the question.

22 So who is paying your legal fees?

23 MR. MERRETT: I'm going to instruct him  
24 not to answer that question.

25 BY MR. BURNS:

1 December 2017, were you aware that Razaghi Healthcare  
2 had some kind of contractual relationship with Sage?

3 **A. Yes.**

4 Q. What was that contractual relationship?

5 **A. They have a contract.**

6 Q. Did you see that contract during your time as  
7 CFO?

8 **A. No.**

9 Q. At any time during your time as CFO?

10 **A. No.**

11 Q. I'm going to zoom down specifically.

12 In August 2018, you had not seen a  
13 contract between Sage and Razaghi Healthcare; is that  
14 correct?

15 **A. That is correct.**

16 Q. There's a book in front of you. I can either  
17 hand you copies or you can look in the book.  
18 Sometimes it's easier to look in the book.

19 **A. Okay.**

20 Q. It will be Tab 4 in the book. It's already  
21 marked as Exhibit 4.

22 **A. Right here?**

23 Q. Yes.

24 **A. Tab 4?**

25 Q. Tab 4.

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1 Q. Has Mr. Razaghi or Razaghi Healthcare ever  
2 agreed to pay your legal bills?

3 MR. MERRETT: Same instruction.

4 BY MR. BURNS:

5 Q. Do you know what indemnification is?

6 **A. No.**

7 Q. Has anyone agreed to pay any judgment  
8 rendered against you in this lawsuit?

9 **A. I don't know.**

10 Q. Has anyone ever provided you assurances that  
11 if there's a judgment against you in this lawsuit you  
12 won't have to pay it?

13 **A. No.**

14 Q. Is there a contract to which you are a party  
15 where any person has agreed to pay your legal bills  
16 related to this case?

17 MR. MERRETT: Same instruction.

18 BY MR. BURNS:

19 Q. We've had a few instructions from counsel to  
20 not answer. I just want to clear it for the record  
21 that you're following the instruction to not answer,  
22 correct?

23 **A. Yes.**

24 Q. When you were CFO starting in  
25 December 2018 -- when you were CFO starting in

1 I'm looking at a document marked  
2 Exhibit No. 4. At the bottom right, there's a  
3 number. We call this a Bates number. It's  
4 SAGE48224.

5 Are we looking at the same document, sir?

6 **A. 48224.**

7 Q. I'll take you to the second to the last page  
8 of Exhibit 4. The reason I'm flipping you there is  
9 there's a date on here that can help orient you to  
10 what you're looking at. It's a document signed in  
11 2011.

12 Do you see that, sir?

13 **A. Yes.**

14 Q. So looking at Exhibit 4 --

15 MR. MERRETT: I'm sorry. You said it's  
16 the second to the last page. It's the last page on  
17 my copy.

18 MR. BURNS: Oh, okay. There we go.

19 MR. MERRETT: Okay.

20 BY MR. BURNS:

21 Q. The last page of Exhibit 4, you can see it's  
22 signed in 2011, sir?

23 **A. Yes.**

24 Q. I'm just trying to orient you to the  
25 document. So looking at the totality of Exhibit 4, I





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1 guess, during your time as CFO, did you ever see  
2 Exhibit 4?  
3 **A. No.**  
4 Q. Did you ever see -- I mean, it may be a  
5 difficult question. I'm going to acknowledge that up  
6 front.  
7 Did you ever see part of Exhibit 4? Did  
8 anyone ever show you part of it or anything like  
9 that?  
10 **A. No.**  
11 Q. Have you seen Exhibit 4 in the time since you  
12 left as CFO of Sage?  
13 **A. No.**  
14 Q. Did you review this document in preparing for  
15 your testimony today?  
16 **A. No.**  
17 Q. This is just something you're totally  
18 unfamiliar with, right?  
19 **A. Right.**  
20 Q. You can go to Tab 11. Tab 11 is marked  
21 Exhibit 11. It has a Bates number ending in 9710.  
22 Are we looking at the same document, sir?  
23 **A. Yes.**  
24 Q. Just to orient you, at the top, the second  
25 from the top line says, "Amendment No. 2."

1 CFO?  
2 **A. No.**  
3 Q. Specifically in August of 2018, you had not  
4 seen this document, correct?  
5 **A. No.**  
6 Q. What about in the time since? Have you seen  
7 this document?  
8 **A. No.**  
9 Q. Did you review this document in preparation  
10 for your testimony today?  
11 **A. No.**  
12 Q. Have you ever been shown or given a portion  
13 of this document?  
14 **A. No.**  
15 Q. Has anyone given you a description of what  
16 this document contains?  
17 **A. No.**  
18 Q. Let me turn you to -- it's document page 8,  
19 and that's Bates number ending in 8278.  
20 **A. 8278?**  
21 Q. Yes.  
22 **A. Okay.**  
23 Q. At the very bottom, we can see a Section 5,  
24 Legal Compensation.  
25 Do you see that there?

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1 Do you see that?  
2 **A. Yes.**  
3 Q. And then if we look at the last page, there's  
4 signatures in 2017.  
5 Do you see that?  
6 **A. Yes.**  
7 Q. Looking at Exhibit 11 -- and you can take a  
8 second if you need it. You probably won't. But did  
9 you ever see Exhibit 11 during your time as CFO?  
10 **A. No.**  
11 Q. And specifically in August 2018 this isn't  
12 something you saw?  
13 **A. No.**  
14 Q. Have you seen this document in the time  
15 since?  
16 **A. No.**  
17 Q. What about part of the document? Has any  
18 part of this document been shown to you?  
19 **A. No.**  
20 Q. We'll turn to Tab 12. This is a Bates number  
21 ending in 8271. Let's look at the last page of  
22 Exhibit 12 just to orient you. It appears to be the  
23 same signature dates as Exhibit 11.  
24 In looking at the totality of Exhibit 12,  
25 is this a document that you saw during your time as

1 **A. Yes.**  
2 Q. Have you ever reviewed Section 5? I want you  
3 to take a second to look at it. It continues on to  
4 the next several pages. Have you ever reviewed  
5 Section 5 before?  
6 MR. MERRETT: Asked and answered.  
7 **THE WITNESS: No.**  
8 BY MR. BURNS:  
9 Q. I want you to look at the Bates number ending  
10 in 8280.  
11 **A. Okay.**  
12 Q. I'm looking at Subsection D, Termination  
13 Payment.  
14 Do you see that, sir?  
15 **A. Yes.**  
16 Q. Have you ever reviewed this section entitled  
17 "Termination Payment"?  
18 **A. No.**  
19 Q. And since you never have reviewed it, you  
20 also didn't review it in August of 2018, correct?  
21 **A. That is correct.**  
22 Q. Did anyone tell you what it contained in  
23 August 2018?  
24 **A. No.**  
25 Q. Let's talk about -- we're about ten minutes





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1 from a break unless you want one earlier.  
2 **A. I'm okay.**  
3 Q. Let's talk about some mechanics of how  
4 invoices were approved.  
5 What is the Meditech Financial Management  
6 System?  
7 **A. Meditech is the software -- accounting**  
8 **software for most of the hospitals.**  
9 Q. When you say "most of the hospitals,"  
10 hospitals you've worked at?  
11 **A. Right.**  
12 Q. So when you come in and you're working for  
13 Sage, Meditech is something you're very familiar  
14 with, right?  
15 **A. Meditech I did at one other hospital, but I**  
16 **was familiar but not that much.**  
17 Q. Did you have any difficulties using Meditech?  
18 **A. No.**  
19 Q. Starting in December 2017, what was your role  
20 in approving expenses in the Meditech system?  
21 **A. Approving is -- at that time, the controller**  
22 **was Marise. She was the one who is in charge. And**  
23 **once she's approved it, then it comes to me for final**  
24 **approval.**  
25 Q. Can you give me the controller's full name?

1 **A. Anything over 100,000.**  
2 Q. So let me just understand: Accounts payable  
3 would put it in the system, right?  
4 **A. Not in the system first. First it has to**  
5 **be -- the invoice has to be approved first from the**  
6 **director of finance or a controller. And then it**  
7 **goes back to accounts payable. They process it, and**  
8 **then they send it to me when I was CFO.**  
9 Q. So it would go through at least three layers  
10 of approval: accounts payable, the controller and  
11 the CFO, right?  
12 **A. Yes.**  
13 Q. And then if it was over \$100,000 the co-CEO  
14 would do it?  
15 **A. Yes.**  
16 Q. From December 2017 until you left, who was  
17 the co-CEO that would approve invoices over 100,000?  
18 **A. Tadd Greenfield.**  
19 Q. Tadd Greenfield also worked for Razaghi  
20 Healthcare, right?  
21 **A. He was administrator of Sage Memorial.**  
22 Q. What was his relationship with Razaghi  
23 Healthcare?  
24 **A. They hired him.**  
25 Q. So between December 2017 and August 2018, did

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1 **A. Marise Andrade.**  
2 Q. And so the process -- what's the controller's  
3 role in the process? Tell me about that.  
4 **A. The controller process is to -- once AP looks**  
5 **at the invoices, they verify it and send it to the**  
6 **controller.**  
7 Q. That's accounts payable, right?  
8 **A. Right.**  
9 Q. And then they send it to the controller,  
10 right?  
11 **A. Right.**  
12 Q. What does the controller do?  
13 **A. They verify it and then approve it and then**  
14 **send it to the CFO.**  
15 Q. And then what does the CFO do?  
16 **A. Just final approval, send it back to AP and**  
17 **then they process it.**  
18 Q. So this process that's in place, it has  
19 multiple levels of approval, right?  
20 **A. Correct.**  
21 Q. And the CFO is the last level of approval?  
22 **A. No. It depends. If the amount is higher,**  
23 **then the CEO -- the co-CEO administrator has to**  
24 **approve it.**  
25 Q. What amounts would trigger co-CEO approval?

1 you ever reject an invoice that had been sent to you  
2 in Meditech?  
3 **A. I don't know.**  
4 Q. I'm trying to get a sense of how much  
5 scrutiny you were actually giving these invoices and  
6 expenses.  
7 Can you recall a time where you ever  
8 rejected one or pushed back?  
9 **A. I don't recall.**  
10 MR. BURNS: Now is a good time for a  
11 break.  
12 (Recess from 1:57 p.m. to 2:09 p.m.)  
13 BY MR. BURNS:  
14 Q. We can go back on the record.  
15 I want to turn to the events of  
16 August 2018 and specifically the termination payment.  
17 You knew that Razaghi Healthcare was  
18 planning on terminating the contract between Razaghi  
19 Healthcare and Sage in July 2018, didn't you?  
20 **A. No.**  
21 Q. When did you first learn that Razaghi  
22 Healthcare was trying to get out of the contract?  
23 MR. MERRETT: Form.  
24 **THE WITNESS: It was, I think, when we**  
25 **receive memorandum, I think, from Gary Pahe.**





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1 BY MR. BURNS:  
2 Q. Tell me about that memorandum.  
3 **A. Memorandum was that we are terminating**  
4 **contract for Razaghi Healthcare effective August 31st**  
5 **or something. I don't remember the whole thing.**  
6 Q. So that was the first inkling you had that a  
7 termination was occurring?  
8 **A. Yes.**  
9 Q. Why was a termination payment made before a  
10 termination occurred?  
11 **A. Repeat the question.**  
12 Q. Why was a termination payment made before a  
13 termination occurred?  
14 **A. It went to Tadd Greenfield. He approved it,**  
15 **and then I processed it.**  
16 Q. No. I'm asking why a termination payment was  
17 made.  
18 **A. I don't know.**  
19 Q. I mean, on August 27th, that's before you  
20 knew of any termination, right?  
21 **A. Yes.**  
22 Q. Why would you approve a termination payment  
23 when there's been no termination?  
24 **A. It was the co-CEO who approved it.**  
25 Q. You also approved it, right?

1 about Razaghi Healthcare's status at Sage, right?  
2 MR. MERRETT: Form.  
3 **THE WITNESS: No.**  
4 BY MR. BURNS:  
5 Q. You knew there was fighting between Razaghi  
6 Healthcare and Sage, right?  
7 MR. MERRETT: Form.  
8 **THE WITNESS: No.**  
9 BY MR. BURNS:  
10 Q. You knew that Razaghi Healthcare had started  
11 calculating a termination payment in July 2018,  
12 right?  
13 **A. No.**  
14 Q. You can turn to Tab 23. I'm looking at a  
15 document marked Exhibit 23, Bates number ending in  
16 8377.  
17 Are we looking at the same document, sir?  
18 **A. Yes.**  
19 Q. So this is a series of emails, but I want to  
20 start at the one at the bottom of the page and work  
21 our way up.  
22 **A. Okay.**  
23 Q. I understand you're not copied on this email,  
24 but I'm trying to understand your knowledge about  
25 circumstances surrounding it.

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1 **A. After that, I processed it.**  
2 Q. You knew that payments over a certain amount  
3 required board of director approval, right?  
4 **A. I don't know.**  
5 Q. You didn't know that in August 2018?  
6 **A. No.**  
7 Q. Did you ever learn that?  
8 **A. No. Because in other hospitals, we never get**  
9 **it approved through the board of directors. It goes**  
10 **through the CEO.**  
11 Q. Do you know today that payments above a  
12 certain amount required board of director's approval  
13 at Sage in August 2018?  
14 **A. I don't know.**  
15 Q. Do you think that's something a CFO should  
16 have known?  
17 **A. I don't know.**  
18 Q. You knew that Razaghi Healthcare had sent a  
19 letter to Sage at the beginning of August claiming a  
20 breach of contract, right?  
21 **A. I don't recall that letter. If it was cc'd**  
22 **to me, then probably. When I see it, I can -- but I**  
23 **don't recall that.**  
24 Q. I'm asking about in the time before the  
25 termination payment. You knew there was controversy

1 The bottom email purports to say, "Hey,  
2 just completed a phone call with Ahmad. He is  
3 requesting a report that he needs to present to the  
4 Sage board. Need by mid next week."  
5 Do you see that?  
6 **A. Is it in the bottom?**  
7 Q. It's in the bottom email. You can see that  
8 it was sent Wednesday, July 11th.  
9 **A. Okay.**  
10 Q. And then if you look at the first paragraph  
11 of text of the email --  
12 **A. Okay.**  
13 Q. -- that's what, I think, I just read.  
14 **A. Okay.**  
15 Q. I'm just asking if you see that section  
16 there.  
17 **A. Yes.**  
18 Q. And then the information sort of in the  
19 middle paragraph of the bullet points is comparing by  
20 year the Razaghi invoices showing billed rates versus  
21 discounted rates and the difference needed for three  
22 years, and you see the years there.  
23 **A. Yes.**  
24 Q. You became involved in this project to make  
25 these calculations, didn't you?





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1 MR. MERRETT: Form.  
2 **THE WITNESS: No.**  
3 BY MR. BURNS:  
4 Q. You saw these calculations being made, didn't  
5 you?  
6 **A. When I received the invoice, that's the time**  
7 **I see it.**  
8 Q. When you're saying "the invoice," you're  
9 talking about an invoice around August 27, 2018?  
10 **A. Yes.**  
11 Q. Okay. Let's turn to Exhibit 24 in your book.  
12 First, I want to identify the document. I'm looking  
13 at Exhibit 24, Bates number ending in 8504.  
14 I note at the top it's sent Monday,  
15 July 16th. Do you see that there?  
16 **A. Yes.**  
17 Q. And you're copied. Do you see that?  
18 **A. Yes.**  
19 Q. Who's Thomas Matenaer?  
20 **A. He was controller at that time for Sage.**  
21 Q. When did he become controller? There was a  
22 different controller in 2017. So when does  
23 Thomas Matenaer become controller?  
24 **A. Somewhere in 2018. I believe in maybe June**  
25 **or July.**

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1 Q. So this is the person in that chain of  
2 invoice approval in Meditech.  
3 **A. Yes, sir.**  
4 Q. He's the controller.  
5 **A. Yes.**  
6 Q. What did you think when you received this  
7 email? It has an attachment that's quite extensive.  
8 We'll go through it in a second.  
9 **A. Informational purposes.**  
10 Q. I'm wondering: Did you review it to see if  
11 it was correct?  
12 **A. Can I see the --**  
13 Q. Yeah.  
14 **A. No.**  
15 Q. I want to look at the Bates number ending in  
16 8505. It's the second actual page of the exhibit.  
17 I'm looking at sort of an Excel  
18 spreadsheet that's printed out. I'm looking at the  
19 column that says, "Paid Amount." Just let me know  
20 when you find that.  
21 **A. 85 --**  
22 Q. 8505.  
23 **A. Okay.**  
24 Q. I'm looking at the column that says, "Paid  
25 Amount." Do you see that?

1 **A. It's not showing Paid Amount.**  
2 Q. If you look at the column on the far right,  
3 it says, "Final."  
4 **A. Oh, Paid Amount. Okay.**  
5 Q. And then one to the left of that in Column E,  
6 do you see the Paid Amount column?  
7 **A. Yes.**  
8 Q. I'm wondering if you reviewed the Paid Amount  
9 column on this document at any time?  
10 **A. No.**  
11 Q. Do you have any reason to believe, as you sit  
12 here today, that the figure of -- the figures  
13 reflected in the Paid Amount column for 2015, '16 and  
14 '17 -- if they're in any way wrong?  
15 MR. MERRETT: Form; foundation.  
16 **THE WITNESS: No.**  
17 BY MR. BURNS:  
18 Q. I'm going to show you Exhibit 30. You can  
19 just turn to Tab 30.  
20 First of all, the email depicted on  
21 Exhibit 30 -- I'm looking at Bates No. 3767.  
22 Do you see that, sir?  
23 **A. Yes.**  
24 Q. What is the email account  
25 acc@razaghihealthcare.com?

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1 MR. MERRETT: Foundation.  
2 **THE WITNESS: I don't know. Maybe**  
3 **financial accounting at Razaghi Healthcare. They**  
4 **have the account. I don't know who has that.**  
5 BY MR. BURNS:  
6 Q. Who sent this email?  
7 **A. I don't know.**  
8 Q. When you received this email, what did you do  
9 with it? You received this email, didn't you?  
10 **A. Yes.**  
11 Q. What did you do with it?  
12 **A. I reviewed it.**  
13 Q. And you didn't wonder who had sent it?  
14 **A. One of the accounting people. I don't know.**  
15 **But that was the account.**  
16 Q. What was the account?  
17 **A. On the Razaghi Healthcare side, the**  
18 **accounting department's account. They have multiple**  
19 **people in there. I don't know who sent it.**  
20 Q. Who directed the accounting department to  
21 send it?  
22 MR. MERRETT: Foundation.  
23 **THE WITNESS: I don't know.**  
24 BY MR. BURNS:  
25 Q. I mean, you get an invoice of over





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1 \$10 million.  
2 **A. Uh-huh.**  
3 Q. And you're the CFO of Sage, right?  
4 **A. Uh-huh.**  
5 Q. What do you do to figure out the legitimacy  
6 of this invoice?  
7 **A. I verified from Nicole, the AP, at Sage.**  
8 Q. Tell me about that.  
9 **A. Tell you about what?**  
10 Q. What did you do to verify the AP?  
11 **A. This invoice was received, they processed it,**  
12 **and then they send it over.**  
13 Q. I'm trying to understand what you did to make  
14 sure this invoice was legitimate.  
15 **A. I sent it to the CEO at that time,**  
16 **Tadd Greenfield.**  
17 Q. What did Tadd Greenfield say when you sent it  
18 to him?  
19 **A. He looked at it, and he approved it.**  
20 Q. But where did it originate from? Who created  
21 it?  
22 **A. I don't know.**  
23 Q. Why would you submit it for approval without  
24 knowing where it came from?  
25 **A. I don't know.**

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1 Q. You're saying that you received an invoice of  
2 over \$10 million from an unknown source and you  
3 submit it to the CEO for approval without checking on  
4 where it came from?  
5 MR. MERRETT: Form.  
6 **THE WITNESS: Yes.**  
7 BY MR. BURNS:  
8 Q. And you didn't check into the backup  
9 information supporting it either, did you?  
10 **A. I reviewed it.**  
11 Q. How detailed was your review?  
12 **A. There is a backup behind. I reviewed the**  
13 **total amounts, and I forward it to Tadd. Tadd**  
14 **already got that invoice.**  
15 Q. From who?  
16 **A. In this email because Tadd Greenfield is also**  
17 **there.**  
18 Q. What conversations did you have with  
19 Tadd Greenfield about this invoice?  
20 **A. I looked at it, and I say, "Is it an invoice**  
21 **that you want me to process?"**  
22 **He looked at it, and he said, "Yes. Go**  
23 **ahead and process it." He verified it.**  
24 Q. What was Ahmad Razaghi's role in approving  
25 this invoice?

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1 MR. MERRETT: Foundation.  
2 **THE WITNESS: None.**  
3 BY MR. BURNS:  
4 Q. How do you know he had no role? You just  
5 said you didn't know where it came from.  
6 **A. I don't know.**  
7 Q. But you're sure he had no role?  
8 **A. I don't know.**  
9 Q. He might have had a role, right?  
10 **A. I don't know.**  
11 Q. Let's look at the invoice. Let's look at the  
12 second page of the invoice, which is Bates No. 3769.  
13 **A. Okay.**  
14 Q. Do you see this Razaghi Healthcare Severance  
15 Calculations sheet? You saw that on August 27, 2018,  
16 right?  
17 **A. Yes.**  
18 Q. Who made this sheet?  
19 **A. I don't know.**  
20 Q. Didn't you think you needed to inquire as to  
21 how these calculations were made when you received  
22 it?  
23 MR. MERRETT: Form.  
24 **THE WITNESS: Whoever was responsible to**  
25 **create it, I -- I got the final product whether to**

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1 **approve it or not.**  
2 BY MR. BURNS:  
3 Q. And you did approve it, right?  
4 **A. Yes.**  
5 Q. Did you understand when you approved it how  
6 these calculations were made? These calculations run  
7 on for six-something pages.  
8 **A. Yes.**  
9 Q. Did you understand how these calculations  
10 were made?  
11 **A. Basically they said the total costs, costs**  
12 **paid and costs not paid. They basically add those**  
13 **up.**  
14 Q. Who is they?  
15 **A. I don't know. That's what I'm saying.**  
16 **Whoever created this sheet, that's how they**  
17 **calculated it.**  
18 Q. I'm asking what inquiry you did to verify the  
19 information that is depicted in Exhibit 30 in the  
20 calculations sheets starting at page 3769. What did  
21 you do to verify the accuracy of that information?  
22 **A. I did -- I did only verify on this sheet**  
23 **whatever the numbers are. I didn't verify other than**  
24 **this.**  
25 Q. But what did you verify on this sheet?





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1 **A. I look at the total amount, and I look at the**  
2 **costs not paid. So I basically subtracted to get the**  
3 **total amount of \$10,855,000.**

4 Q. So you were pointing, I believe, at the top  
5 box on the page ending in 3769.

6 **A. Yes.**

7 Q. You just made sure that the top box added up?

8 **A. Yes.**

9 Q. What verification did you do on the  
10 information underlying the numbers that appeared in  
11 the top box?

12 **A. I did not.**

13 Q. So this document has five pages of references  
14 to INV, which, I believe, means invoices.

15 Did you look at any of those invoices?

16 **A. No.**

17 Q. Did you consider whether or not certain items  
18 on those invoices should or should not have been  
19 included in total costs?

20 **A. No.**

21 Q. Who did verify that information?

22 MR. MERRETT: Form and foundation.

23 **THE WITNESS: I don't know.**

24 BY MR. BURNS:

25 Q. So your testimony is that you approved this

1 Q. You actually called Nicole Hardy on  
2 August 27th and told her to process this, didn't you?

3 **A. Yes.**

4 Q. What did you tell her?

5 **A. I tell her to process these invoices.**

6 Q. What did she ask you about the invoices --  
7 about the invoice?

8 **A. I don't recall what she -- what was her**  
9 **response. She said okay, and then she processed**  
10 **them.**

11 Q. Why apply pressure to Nicole Hardy to process  
12 the invoice on August 27th?

13 **A. I did not.**

14 MR. MERRETT: Form.

15 BY MR. BURNS:

16 Q. Why call her to do it?

17 **A. Because usually whenever it's something that**  
18 **needs to be processed, I always call her.**

19 Q. You don't call Nicole Hardy for every invoice  
20 processing, do you?

21 **A. Not every invoice, but sometimes I call her**  
22 **to do it. A lot of times an invoice that -- they**  
23 **send it to the hospital, and they never received it.**  
24 **It was late, like, two months, and they are asking**  
25 **for the payment. So I call her to process it right**

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1 invoice in the Meditech system without knowing if  
2 anyone at all had verified the accuracy of the  
3 information on the calculations sheet, right?

4 **A. I did not verify myself.**

5 Q. But you didn't know if anyone had done it at  
6 all, right?

7 **A. Whoever created that.**

8 Q. But you don't even know who that is.

9 **A. I don't know.**

10 Q. So you didn't ask anyone if they had done it  
11 correctly?

12 **A. No.**

13 Q. You didn't evaluate the method they had used?

14 **A. No.**

15 Q. You didn't look at the information yourself?

16 **A. No.**

17 Q. So you have no way of knowing, when you  
18 approved this, one way or the other of whether or not  
19 the information is accurate, right?

20 **A. Uh-huh. Yes.**

21 Q. What did Tadd Greenfield tell you this was  
22 for?

23 **A. He told me termination fee.**

24 Q. What else did he tell you?

25 **A. That's about it.**

1 **now and send it to me so I can process that through**  
2 **the bank.**

3 Q. And here you did process this payment through  
4 the bank, right?

5 **A. Yes.**

6 Q. The transfers of the Wells Fargo bank, those  
7 were done by you, right?

8 **A. Yes.**

9 Q. We'll talk about those in a minute.

10 Nicole Hardy had some concerns about  
11 processing this payment, didn't she?

12 **A. As far as I know, no.**

13 Q. When did you talk to Tom Matenaer on  
14 August 27th about this invoice?

15 **A. I don't recall talking to him.**

16 Q. Didn't you talk to Tom Matenaer and Tom asked  
17 you for backup information supporting the invoice?

18 **A. I don't know.**

19 MR. BURNS: We'll mark Exhibit 51.

20 (Deposition Exhibit No. 51 was marked for  
21 identification.)

22 MR. BURNS: I marked the wrong one.

23 Let's mark that as Exhibit 52.

24 (Deposition Exhibit No. 52 was marked for  
25 identification.)





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1 BY MR. BURNS:  
 2 Q. I'm looking at Exhibit 52.  
 3 **A. Okay.**  
 4 Q. I know you're not on this email, but  
 5 Mr. Matenaer writes, "Just spoke with" -- you know,  
 6 I'm having trouble pronouncing your first name, and I  
 7 apologize.  
 8 **A. No worries. Tausif.**  
 9 Q. "Just spoke with Tausif about the large  
 10 invoice. I had sent him an earlier email requesting  
 11 some sort of backup as the dollar amount is rather  
 12 large and unusual. He told me that the appropriate  
 13 backup would be coming."  
 14 Do you see that there?  
 15 **A. Yes.**  
 16 Q. Does that refresh your recollection about a  
 17 conversation you had with Mr. Matenaer?  
 18 **A. See, I don't know. I don't recall.**  
 19 Q. Didn't you tell Mr. Matenaer that you would  
 20 be providing backup?  
 21 **A. Yes, probably at that time, but I don't**  
 22 **recall the conversation.**  
 23 Q. What did you do to get the appropriate  
 24 backup?  
 25 **A. You know, these are the backup that we looked**

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1 **at. This is it.**  
 2 Q. That's attached to the invoice, though.  
 3 **A. Yeah.**  
 4 Q. So Mr. Matenaer already had that, didn't he?  
 5 **A. He might.**  
 6 Q. So, I mean, what backup would be appropriate  
 7 for an invoice over \$10 million? It is a large  
 8 number for Sage, isn't it?  
 9 **A. Yes.**  
 10 Q. Biggest payment it's ever made?  
 11 **A. I don't know about that, but --**  
 12 Q. Biggest payment while you were there, right?  
 13 MR. MERRETT: Let him finish his answer.  
 14 BY MR. BURNS:  
 15 Q. Biggest payment while you were there, right?  
 16 **A. I don't know. I was there for about eight**  
 17 **months as the CFO. At that time, yes. Yes.**  
 18 Q. So what would be appropriate backup for  
 19 something that large?  
 20 **A. Backup that relates to that amount.**  
 21 Q. And backup on entitlement to it, right?  
 22 **A. I don't know.**  
 23 Q. When you're approving invoices, don't you  
 24 make sure that Sage actually owes it?  
 25 **A. Yes.**

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1 Q. So appropriate backup would be whether or not  
 2 Sage actually owed this, right?  
 3 **A. Yes.**  
 4 Q. Tell me about your impressions of  
 5 Mr. Matenaer. I mean, you worked with him for  
 6 several months, didn't you?  
 7 **A. Couple months, yes.**  
 8 Q. What are your impressions of him?  
 9 **A. He was knowledgeable.**  
 10 Q. Like a competent accountant, right?  
 11 **A. Yes.**  
 12 Q. Would it surprise you that Mr. Matenaer  
 13 considered the Sage books to be the worst books he  
 14 had ever encountered in his career?  
 15 **A. I don't know.**  
 16 Q. You don't know if that would be a surprise?  
 17 I'm asking if it would be a surprise to you.  
 18 **A. I mean, what year? When I was there in 2017,**  
 19 **the books were good. When I left, the books were not**  
 20 **good.**  
 21 Q. I'm talking about in the time after Matenaer  
 22 joins -- middle of 2018.  
 23 **A. That was his -- that was his impression of**  
 24 **the financials at that time.**  
 25 Q. He thought it was a mess, right?

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1 **A. I don't know.**  
 2 Q. He told you when he was working with you that  
 3 the condition of the books were not good, right?  
 4 **A. I don't recall.**  
 5 Q. Why was Robert Huff brought in to help with  
 6 the books of Sage?  
 7 MR. MERRETT: Foundation.  
 8 **THE WITNESS: We hired through**  
 9 **Robert Huff not just one but a couple of people in**  
 10 **accounting to work with -- help Sage working on the**  
 11 **books.**  
 12 BY MR. BURNS:  
 13 Q. There's a problem that needed to get fixed,  
 14 right?  
 15 **A. It's -- it's normal to hire someone to help.**  
 16 **It's not necessarily that you have a problem with the**  
 17 **books. It's always you hire someone to get efficient**  
 18 **and on time working of the books. Sometimes when you**  
 19 **have that information but someone is not doing it**  
 20 **right, you hire someone so he can do it right.**  
 21 Q. And that's what Tom Matenaer was supposed to  
 22 do, right?  
 23 **A. Yeah. Because the old controller -- she**  
 24 **left, so we had to hire someone.**  
 25 Q. You never saw Mr. Matenaer do anything





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1 dishonest, right?  
2 **A. No.**  
3 Q. Let's turn you back to Exhibit 51. I took  
4 these out of order, but it should be sitting right in  
5 front of you.  
6 **A. Yes.**  
7 Q. You were under enormous pressure from the  
8 Razaghi Healthcare folks to report positive financial  
9 results to the board of directors, weren't you?  
10 MR. MERRETT: Form.  
11 **THE WITNESS: No.**  
12 BY MR. BURNS:  
13 Q. There was some pressure, wasn't there?  
14 **A. No.**  
15 MR. MERRETT: Form.  
16 BY MR. BURNS:  
17 Q. You desired to report positive financial  
18 results, right?  
19 **A. No.**  
20 Q. In fact, you manually changed the books of  
21 Sage to turn losses into profits, didn't you?  
22 **A. No.**  
23 Q. You did it at least once, didn't you?  
24 **A. No.**  
25 Q. Mr. Matenaer objected to the way that you

1 zone issue.  
2 It says, "Hey, got your email." Then it  
3 confirms what you want. I'm just orienting you.  
4 Then we go to the top, and you write, "Yes."  
5 **A. Correct.**  
6 Q. So you're making a manual \$2.8 million  
7 adjustment, right?  
8 **A. Yes.**  
9 Q. If we turn to the second page of  
10 Exhibit 51 -- and I'm looking at Bates number ending  
11 in 4795.  
12 **A. Okay.**  
13 Q. I'm looking at the column entitled "June 2018  
14 Activity." The document is entitled "Comparative  
15 Profit and Loss Statement for Period Ending June 30,  
16 2018."  
17 Do you see that, sir?  
18 **A. Yes.**  
19 Q. As CFO one of your jobs is producing these  
20 profit and loss statements and reporting them to  
21 Razaghi Healthcare leadership and, therefore, the  
22 board of directors, right?  
23 **A. Yes.**  
24 Q. So when we're looking at these columns, we're  
25 looking at revenue, right?

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1 handled certain books and records, didn't he?  
2 **A. I don't recall.**  
3 Q. Let's look at Exhibit 51. It's an email  
4 chain. These appear to have a time zone issue. So I  
5 believe that in reality they -- as you go up, they're  
6 later emails, but the times don't seem to match.  
7 We'll start at the bottom.  
8 Is that your email there sent Monday,  
9 August 27th at 11:30 a.m.?  
10 **A. Yes.**  
11 Q. The body of the email states, "Could you  
12 please adjust AHCCCS contractual of \$2.8 million in  
13 June financial, send me an updated one."  
14 **A. Yes.**  
15 Q. That was you changing a profit and loss  
16 statement, right?  
17 **A. You have to understand the contractual, what**  
18 **that is.**  
19 Q. I would like to learn today. That's you  
20 changing it, right?  
21 **A. Yes.**  
22 Q. So Tom writes back to you in the next email  
23 up -- so we're looking at an email from  
24 Thomas Matenaer on August 27 at 10:57 a.m. I don't  
25 think we're time traveling. I think we have a time

1 **A. The top one is revenue.**  
2 Q. Right. So let's look at Inpatient Revenue,  
3 which is the top row of the June 2018 column. We'll  
4 only be talking about the June 2018 column.  
5 **A. Yes.**  
6 Q. I see there that inpatient revenue from  
7 AHCCCS is 231-some thousand, right?  
8 **A. Yes.**  
9 Q. And then there's commercial, which is like  
10 12,000.  
11 **A. Uh-huh.**  
12 Q. Indian Health Services, which is like 55,000,  
13 and Medicare is 191,000.  
14 **A. Correct.**  
15 Q. And then I'm going down to the Outpatient  
16 Revenue row. And apparently a lot more revenue comes  
17 from outpatient.  
18 Was that your experience?  
19 **A. Yes.**  
20 Q. AHCCCS we see 1.6 million-plus column.  
21 **A. Yes.**  
22 Q. And then it goes down to other sources. But  
23 when we get to total outpatient revenue of  
24 \$3.2 million, that's not actually dollars that have  
25 reached Sage's bank accounts, right?





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1 **A. 3.2 million is the net.**  
2 Q. Net billings, right?  
3 **A. Net billings.**  
4 Q. Right. So that's not actually money that has  
5 reached Sage's bank account, right?  
6 **A. No. That doesn't work that way.**  
7 Q. Those are bills that have gone out, right?  
8 **A. Right. That's the AR side.**  
9 Q. In your experience -- and you've been in  
10 healthcare accounting for a long time --  
11 **A. Yes.**  
12 Q. -- when you bill a government entity like  
13 AHCCCS \$1.6 million, they don't pay \$1.6 million,  
14 right?  
15 **A. That is correct.**  
16 Q. They pay substantially less.  
17 **A. About -- depending on what services you**  
18 **provide, sometimes 60 percent, sometimes 80 percent.**  
19 **It depends. Same with Medicare.**  
20 Q. 60 to 80 percent less or 60 to 80 percent of  
21 the face amount?  
22 **A. Whatever you bill, they pay you about**  
23 **60 percent of that bill.**  
24 Q. And that's true with commercial insurance  
25 too.

1 to be taken off for collections, right?  
2 **A. Not for that month. We are talking about**  
3 **adjustment. It's pretty common in the hospitals that**  
4 **you look at the year-to-date contractuals, and then**  
5 **you calculate it. And then if you think that we have**  
6 **less contractuals that we deducted before, we adjust**  
7 **it. Sometimes you get less. Sometimes you get more.**  
8 **Contractual is something you calculate**  
9 **based on whatever their contract is. If you're**  
10 **getting 60 percent or 70 percent, then you say,**  
11 **"Okay. We will probably get" -- because as the day**  
12 **gets older -- let's say 120 days and above. If you**  
13 **haven't received payment, then the chances are you're**  
14 **not going to get it. And then you have to**  
15 **contractual percentage higher.**  
16 Q. The way you take that deduction -- this is an  
17 accrual account, right?  
18 **A. Yes.**  
19 Q. The way you take that deduction depends on  
20 how old the invoice is, what the services were for.  
21 They might pay more for one thing and less for  
22 another, right? That all goes into how you calculate  
23 this deduction.  
24 **A. Yes.**  
25 Q. But you take a deduction from 1.6, right?

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1 **A. Commercial is the same way. They even pay**  
2 **less -- a little bit less.**  
3 Q. And then dental, they pay even less, right?  
4 **A. Dental is pretty much the same. I think they**  
5 **pay about 70 percent of the bill.**  
6 Q. So for all of these -- and I'm looking at the  
7 Outpatient Revenue row. These are all billings that  
8 have gone out totaling 3.2 million, right?  
9 **A. That's correct.**  
10 Q. And then Deductions From Patient Revenue is  
11 the next row down. That's what I wanted to talk to  
12 you about.  
13 **A. Okay.**  
14 Q. So when AHCCCS pays about 60 percent of what  
15 you bill them, when you're putting this information  
16 on the profit and loss statement, you account for how  
17 much you actually expect to get dollars in the door  
18 later, right?  
19 **A. Correct.**  
20 Q. And so this deduction -- and I'm not saying  
21 it's exactly the right number, but this deduction  
22 that's taken on this sheet deducts 735-some thousand  
23 dollars from the 1.6 million.  
24 **A. Uh-huh.**  
25 Q. So they're saying about 40 percent is going

1 **A. In this case, the deduction -- again, you**  
2 **look at year-to-date numbers, and then we deduct it.**  
3 **But for that month, we did that deduction of 2.9.**  
4 Q. I'm trying to understand -- before we skip  
5 ahead to the 2.8 --  
6 **A. Okay.**  
7 Q. -- this \$1.6 million in billings to AHCCCS is  
8 supposed to have a deduction from it, right?  
9 **A. Yes.**  
10 Q. And AHCCCS is never going to pay 1.6 million,  
11 right?  
12 **A. That is correct.**  
13 Q. And they're definitely not going to pay more  
14 than 1.6 million, right?  
15 **A. Correct.**  
16 Q. So when you make a \$2.8 million deduction --  
17 let's turn the page -- you're actually adding -- I'm  
18 trying to not be too technical.  
19 **A. Okay.**  
20 Q. You're actually adding \$2.8 million to the  
21 AHCCCS deduction. So instead of having a deduction  
22 of 700-some thousand, we now have a deduction of  
23 positive over 2 million, right?  
24 **A. Yes.**  
25 Q. So now reflected in the June profit and loss





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1 that's going to be presented to the board of  
2 directors, we not only have AHCCCS being billed  
3 1.6 million and paying that 1.6 million, but they're  
4 also paying an additional \$2 million on top of that,  
5 right?  
6 MR. MERRETT: Form.  
7 THE WITNESS: This is not how that works.  
8 Contractual basis is based on whatever the  
9 year-to-date contractual is, and then you make that  
10 decision whether to reduce it or increase it.  
11 Whether that will be June, whether that will be  
12 September -- I mean, we will have to look at it and  
13 see when do we have to make an adjustment.  
14 BY MR. BURNS:  
15 Q. You're never adjusting a deduction to be more  
16 than what was billed, right?  
17 A. Not -- not more than what was billed. I'm  
18 not talking about for the month. I'm talking about  
19 for the year.  
20 Q. But if you have concerns about deductions  
21 that were taken before June 2018, you should make  
22 changes to those deductions before June 2018, right?  
23 You don't just add \$2.8 million to June 2018, right?  
24 A. It's difficult to explain, but that's how it  
25 is in the hospitals. That's how we work on

1 single month is not the right way to account for  
2 that, right?  
3 A. It is the right way.  
4 Q. How did --  
5 A. That's how I did it in other hospitals.  
6 Q. How did you come up with \$2.8 million?  
7 A. I don't recall how I did it, but that was the  
8 number.  
9 Q. I'm turning to Exhibit No. 30. I'm looking  
10 at the second page of Exhibit 30, Bates number ending  
11 in 3768.  
12 A. 30?  
13 Q. Yes.  
14 A. Okay.  
15 Q. I'm looking at the invoice page, not the  
16 calculations page.  
17 A. Okay.  
18 Q. I may know the answer to this, but I have to  
19 confirm it.  
20 The \$15 million number that appears in  
21 the right column in the middle of the page -- do you  
22 see that?  
23 A. Are you looking at the invoice?  
24 Q. Yes.  
25 A. Okay.

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1 contractals based on the revenue that we billed.  
2 And then we do it a couple of times in a year to  
3 adjust the contractals based on the year-to-date  
4 numbers.  
5 Q. You would make an adjustment for an entire  
6 year during one month? You would have a deduction  
7 for \$1.6 million in revenue yield a positive  
8 \$2 million number?  
9 A. So if you look at the AHCCCS revenue for the  
10 year to date, it's about 18 million. So you are  
11 reducing it by 2 million for the year to date.  
12 Q. But you are arbitrarily adding \$2.8 million  
13 in June, right?  
14 A. I don't know.  
15 Q. Why wouldn't you adjust the deductions in the  
16 months that you thought were wrong?  
17 A. I don't know.  
18 Q. It had the effect of erasing a loss in  
19 June 2018, didn't it?  
20 A. I don't know.  
21 Q. You don't remember a loss being there?  
22 A. I don't know.  
23 Q. Do you not remember a loss in June 2018?  
24 A. I don't know.  
25 Q. We can agree that adding \$2.8 million into a

1 Q. -- who calculated that?  
2 MR. MERRETT: Foundation.  
3 THE WITNESS: I don't know.  
4 BY MR. BURNS:  
5 Q. Looking under the left column that's  
6 connected to that, there's reimbursable legal and  
7 professional services, pass-through expenses,  
8 contract termination fee Section 5D and then a date  
9 range.  
10 Do you see that there?  
11 A. Yes.  
12 Q. Who wrote that?  
13 MR. MERRETT: Foundation.  
14 THE WITNESS: I don't know.  
15 BY MR. BURNS:  
16 Q. Who determined that legal and professional  
17 expenses would be included in this?  
18 A. I don't know.  
19 MR. MERRETT: Foundation.  
20 BY MR. BURNS:  
21 Q. Who included -- who decided to include  
22 pass-through expenses in this?  
23 MR. MERRETT: Foundation.  
24 THE WITNESS: I don't know.  
25 MR. BURNS: Let's take an early break.





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1 (Recess from 2:49 p.m. to 3:02 p.m.)  
2 BY MR. BURNS:  
3 Q. Let's go back on the record.  
4 Let's take a look at Tab 17.  
5 **A. Okay.**  
6 Q. I'm looking at a memorandum dated July 24th.  
7 It's Bates number ending in 62.  
8 **A. Yes.**  
9 Q. You saw this memorandum, correct?  
10 **A. Yes.**  
11 Q. You understood that Christi had angered some  
12 people at Razaghi Healthcare, right?  
13 MR. MERRETT: Form.  
14 **THE WITNESS: I don't know.**  
15 BY MR. BURNS:  
16 Q. Why was Christi reassigned?  
17 MR. MERRETT: Form and foundation.  
18 **THE WITNESS: I don't know.**  
19 BY MR. BURNS:  
20 Q. So in July 2018, you had no knowledge as to  
21 why Christi was reassigned?  
22 **A. No.**  
23 Q. What changed day to day after Christi got  
24 removed from her co-CEO position?  
25 **A. Nothing changed for me.**

1 **A. No.**  
2 (Deposition Exhibit No. 53 was marked for  
3 identification.)  
4 BY MR. BURNS:  
5 Q. What am I looking at here with Exhibit 53?  
6 MR. MERRETT: Form; foundation.  
7 **THE WITNESS: It's the bank report.**  
8 BY MR. BURNS:  
9 Q. What's an ACH payment?  
10 **A. ACH is the form of automatic payment to the**  
11 **vendors who are on EFTs.**  
12 Q. So I'm looking at a single line time sort of  
13 in the middle. There's a Beneficiary Name, a  
14 Beneficiary ID and then some more information.  
15 Do you see that there?  
16 **A. Let me see here. Are you looking at**  
17 **Beneficiary Status?**  
18 Q. The row above that.  
19 **A. Oh, Beneficiary Name. Yes.**  
20 Q. And if we just stay on that row, do you see  
21 where it says, "Razaghi Healthcare" under Beneficiary  
22 Name?  
23 **A. Yes.**  
24 Q. If we stay on that row all the way across, we  
25 see the Org amount of \$10,855,134.15.

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1 Q. Had you been working with Christi at all?  
2 **A. I did before.**  
3 Q. When is before?  
4 **A. I did before she left.**  
5 Q. So who took on Christi's duties after she  
6 left?  
7 **A. Tadd Greenfield.**  
8 Q. Was that an improvement? A change? What was  
9 different?  
10 **A. I don't know.**  
11 Q. You can't tell me anything that was different  
12 between Tadd Greenfield's leadership and Christi's?  
13 **A. For me, it's the same. He's the**  
14 **administrator co-CEO. I report to him, and that's**  
15 **all I know.**  
16 Q. Did Mr. Greenfield take more of an interest  
17 in accounting functions than Christi did?  
18 **A. He was helpful.**  
19 Q. In what ways?  
20 **A. He wants me to -- if I need any help, let me**  
21 **know. If you need me, I'll be available.**  
22 Q. Did you take him up on that offer?  
23 **A. At the audit time, yes.**  
24 Q. Did you ever ask Mr. Greenfield for  
25 documentation for the invoice of \$10 million?

1 Do you see that there?  
2 **A. Yes.**  
3 Q. This ACH payment -- if we look at the  
4 middle -- it comes from an account number.  
5 Are you familiar with that account  
6 number?  
7 **A. It must be an operating account.**  
8 Q. It's the Sage operating account, right?  
9 **A. Yes.**  
10 Q. This payment from the Sage operating account  
11 to Razaghi Healthcare, you initiated this ACH  
12 payment, correct?  
13 **A. Yes.**  
14 Q. And when you did it, you knew that the  
15 payment was going to Razaghi Healthcare?  
16 **A. Yes.**  
17 Q. Did you tell anyone from the Sage Board of  
18 Directors that this was happening?  
19 **A. No.**  
20 Q. Did anyone tell you the Sage Board of  
21 Directors had approved it?  
22 **A. No.**  
23 Q. Don't you think someone from Sage should have  
24 been given the opportunity to review this before it  
25 was approved?





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1 MR. MERRETT: Form and foundation.  
 2 **THE WITNESS: I don't know.**  
 3 MR. BURNS: This will be 54.  
 4 (Deposition Exhibit No. 54 was marked for  
 5 identification.)  
 6 BY MR. BURNS:  
 7 Q. I'm looking at an Account Details printout,  
 8 and I'm looking at Account Activity date August 27th.  
 9 Do you see that there?  
 10 **A. Yes.**  
 11 Q. There's a number of activities on  
 12 August 27th. Most of them are small, but the top two  
 13 are the ones I'm focused on.  
 14 **A. Yes.**  
 15 Q. What is the \$500,000 transfer?  
 16 **A. It was transferred from one account to**  
 17 **another.**  
 18 Q. Why was that transfer made?  
 19 **A. To make sure we have enough funds to cover**  
 20 **10.5.**  
 21 Q. The operating account didn't have  
 22 \$10.8 million in it, right? There wasn't enough to  
 23 cover a \$10.8 million payment, right?  
 24 **A. Yes.**  
 25 Q. And so you needed to get an additional

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1 \$500,000 from something else?  
 2 **A. Yes.**  
 3 Q. What was that something else?  
 4 **A. It was another account.**  
 5 Q. What was that account?  
 6 **A. I don't know. I don't remember.**  
 7 Q. It was the account where the Indian Health  
 8 Service settlement payment monies were held, right?  
 9 **A. I don't know.**  
 10 Q. You don't know?  
 11 MR. MERRETT: Asked and answered.  
 12 **THE WITNESS: No.**  
 13 BY MR. BURNS:  
 14 Q. Did you know at the time?  
 15 **A. No.**  
 16 Q. You wouldn't grab money from a random  
 17 account, right?  
 18 **A. Right.**  
 19 Q. So you would have looked into the account you  
 20 were pulling \$500,000 from before doing it?  
 21 MR. MERRETT: Form.  
 22 **THE WITNESS: Yes.**  
 23 BY MR. BURNS:  
 24 Q. If it did come from the Indian Health Service  
 25 settlement funds, that would have been improper,

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1 right?  
 2 MR. MERRETT: Foundation.  
 3 **THE WITNESS: I don't know.**  
 4 BY MR. BURNS:  
 5 Q. You were aware that Indian Health Service  
 6 settlement funds could not be paid to Razaghi  
 7 Healthcare, correct?  
 8 MR. MERRETT: Form and foundation.  
 9 **THE WITNESS: Yes.**  
 10 BY MR. BURNS:  
 11 Q. You were aware of it. Yes?  
 12 **A. Yes.**  
 13 Q. Did you ever talk to Mr. Razaghi about the  
 14 payments we just discussed? The transfer of over  
 15 \$10 million from Sage to Razaghi Healthcare, did you  
 16 ever discuss that with Mr. Razaghi?  
 17 **A. No.**  
 18 Q. Before it happened, you didn't discuss it  
 19 with him?  
 20 **A. No.**  
 21 Q. What about after?  
 22 **A. No.**  
 23 Q. What about in the phone calls you've had with  
 24 him regarding defense of the case?  
 25 **A. No.**

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1 Q. You were aware there was an escrow account  
 2 that had been created to handle any potential  
 3 termination payment, right?  
 4 MR. MERRETT: Form.  
 5 **THE WITNESS: I don't know.**  
 6 BY MR. BURNS:  
 7 Q. You didn't know about an escrow account?  
 8 **A. No.**  
 9 Q. We just looked at Exhibit 54. Who's the  
 10 signer on this account at Wells Fargo? It's Razaghi  
 11 Healthcare, right?  
 12 **A. Razaghi Healthcare, yes.**  
 13 Q. So whose signature, if there was a physical  
 14 check, would actually go on a check out of this  
 15 account?  
 16 **A. That, I don't know.**  
 17 Q. Did you ever write a physical check out of  
 18 these accounts?  
 19 **A. No.**  
 20 Q. But Sage wasn't the signatory, right?  
 21 **A. That, I don't know.**  
 22 Q. What I'm trying to understand is: It's  
 23 Razaghi Healthcare that was controlling the way these  
 24 funds were gathered and paid, right?  
 25 MR. MERRETT: Foundation.





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1           **THE WITNESS: I don't know.**  
2 BY MR. BURNS:  
3     Q. Did Mr. Razaghi or Razaghi Healthcare ever  
4 pay you anything beyond what you were paid by -- like  
5 your salary?  
6     **A. No.**  
7     Q. How was your salary set? Was it a flat  
8 number yearly, or how did it work?  
9     **A. It was hourly.**  
10    Q. Tell me about that.  
11    **A. I was getting paid, when I started, 60,000 a**  
12 **year.**  
13    Q. That's what it added up to or that was the  
14 agreed amount?  
15    **A. That's the agreed amount.**  
16    Q. When you say "hourly," what did hourly mean?  
17    **A. Hourly means hourly rate. So whatever that**  
18 **was. 30 bucks an hour.**  
19    Q. And you billed for your time, right? You  
20 kept track of your time and billed it?  
21    **A. Yeah. I mean, I put it on the timesheets.**  
22    Q. Did you get paid anything beyond your salary  
23 at any time during your affiliation with Razaghi  
24 Healthcare?  
25    **A. No.**

1 the Razaghi Healthcare accounts it was transferred  
2 to?  
3     **A. No.**  
4     Q. Did anyone tell you -- did anyone ever tell  
5 you what happened with the money after it was taken?  
6     **A. No.**  
7     Q. Did you receive any portion of the over  
8 \$10 million?  
9     **A. No.**  
10    Q. What were you paid total for your work with  
11 Sage in the calendar year 2018? An approximation is  
12 fine.  
13    **A. I was paid 70 bucks an hour at that time. I**  
14 **was a contractor. So for seven or eight months,**  
15 **maybe close to 80, 90,000.**  
16    Q. What about 2019? Did you get paid anything  
17 no?  
18    **A. No, because I was not with Razaghi.**  
19    Q. After the termination payment is made -- and  
20 we're talking August 27th -- does Razaghi Healthcare  
21 depart immediately?  
22    **A. I don't know.**  
23    Q. Does Razaghi Healthcare still exert control  
24 over Sage after August 27th?  
25    **A. I don't know.**

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1     Q. What about Mr. Wauneka? How did he get paid?  
2     MR. MERRETT: Form and foundation.  
3     **THE WITNESS: I don't know.**  
4 BY MR. BURNS:  
5     Q. Are you aware of any payments made to  
6 Mr. Wauneka of any kind?  
7     **A. No.**  
8     Q. Can you -- is there any document -- can you  
9 point me to any document that exists where the  
10 Sage Board of Directors approved the over \$10 million  
11 payment we have been discussing?  
12    **A. I don't know.**  
13    Q. I'm asking if you can identify any document  
14 that does that.  
15    **A. I've never seen it, so I don't know.**  
16    Q. Where did the money go when it was  
17 transferred to Razaghi Healthcare?  
18    MR. MERRETT: Form and foundation.  
19    **THE WITNESS: I don't know.**  
20 BY MR. BURNS:  
21    Q. I mean, it went to a Razaghi Healthcare  
22 account, correct?  
23    **A. That's about it. We transferred it, and then**  
24 **I don't know where it goes.**  
25    Q. Did you have any interaction or control over

1     Q. Did you ever tell anyone from the board that  
2 the payment had been made? What -- it had been made  
3 on August 27th. What about in the future? Did you  
4 tell anyone from the board that the payment had been  
5 made?  
6     **A. No.**  
7     Q. Do you know how the board became aware the  
8 payment was made?  
9     **A. No.**  
10    Q. Did anyone from the board ever ask you for  
11 information about the payment?  
12    **A. No.**  
13    Q. Look at Exhibit 22. I'm looking at a letter  
14 marked Exhibit 22, Bates number ending 4587.  
15       Are we looking at the same document?  
16    **A. Yes.**  
17    Q. Have you seen this letter before?  
18    **A. No.**  
19    Q. You were aware in early August that there was  
20 some controversy between Razaghi Healthcare and the  
21 Sage board about something, right?  
22       MR. MERRETT: Form.  
23       **THE WITNESS: No.**  
24 BY MR. BURNS:  
25    Q. You became aware at some point during August,





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1 right?  
2 MR. MERRETT: Form.  
3 THE WITNESS: No. The meeting that I  
4 went to -- I don't know what date it was, but they  
5 had an executive session right away. We were out.  
6 That was the only time that we were out without  
7 explaining the audit reports because we were there  
8 for the audit, and they didn't want us to explain  
9 anything.  
10 BY MR. BURNS:  
11 Q. Why didn't -- "they" is the board, right?  
12 A. Board.  
13 Q. Why didn't the board want you to explain  
14 anything?  
15 A. I don't know.  
16 MR. MERRETT: Foundation.  
17 BY MR. BURNS:  
18 Q. You attended this board meeting. Was it  
19 August 20th?  
20 A. I think, yes.  
21 Q. Just to pin it down, it was before the  
22 \$10 million payment was made, right?  
23 A. Yes.  
24 Q. Tell me how this board meeting starts.  
25 A. We were never in that meeting. We were in

1 waiting in the hallway?  
2 A. Yes.  
3 Q. And what do you hear when you're in the  
4 hallway?  
5 A. I did nothing. I did not hear anything.  
6 Q. How close to the door are you?  
7 A. I said about ten feet.  
8 Q. Were there loud, clear voices coming from the  
9 meeting room?  
10 A. Yes.  
11 Q. So you could hear what people were saying,  
12 right?  
13 A. No. You can hear mumbling, but I don't know  
14 what they are saying.  
15 Q. Who's in the hallway with you?  
16 A. Me, Tadd Greenfield.  
17 Q. And who else?  
18 A. An assistant, I think, Abigail Paul.  
19 Q. Is anybody recording in the hallway?  
20 A. I don't know.  
21 Q. Were you recording in the hallway?  
22 A. No.  
23 Q. Did you see any kind of recorder?  
24 A. No.  
25 Q. Anybody else besides yourself, Mr. Greenfield

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1 there, and then they just got executive session right  
2 away.  
3 Q. So you're in the meeting room for a minute?  
4 A. For a minute maybe.  
5 Q. What happened?  
6 A. They said, "We are going in an executive  
7 session to vote."  
8 Q. And then what do you do?  
9 A. We go outside.  
10 Q. Outside like outside the board meeting?  
11 A. Yes.  
12 Q. How far outside the board meeting?  
13 A. About maybe ten feet.  
14 Q. And how long do you wait for this executive  
15 session?  
16 A. About an hour and a half, two hours.  
17 Q. So you're just sitting in the hallway --  
18 A. Yes.  
19 Q. -- that whole time.  
20 And then do you eventually go back into  
21 this meeting?  
22 A. Yes.  
23 Q. And what happens when you go back in?  
24 A. They said, "We are done."  
25 Q. So you spend a considerable amount of time

1 and the assistant in the hallway?  
2 A. No.  
3 Q. Who was taking notes in the hallway?  
4 A. I don't know.  
5 Q. Did you see anyone taking notes in the  
6 hallway?  
7 A. No.  
8 Q. For the 90 minutes to 2 hours you were in the  
9 hallway, were you talking to the other people in the  
10 hallway?  
11 A. I was talking to Tadd.  
12 Q. Who was seated closest to the door?  
13 A. I don't know.  
14 Q. But you didn't notice anyone taking notes --  
15 A. No.  
16 MR. MERRETT: Asked and answered.  
17 BY MR. BURNS:  
18 Q. -- at any point during that, correct?  
19 A. That's correct.  
20 Q. Let's look at Exhibit 29. I'm looking at  
21 Exhibit 29. It's an email from Ahmad Razaghi.  
22 Do you see that there?  
23 A. Yes.  
24 Q. I see that you're not copied on it, but  
25 that's not what we're talking about with you today.





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1 If you turn to the second page of  
2 Exhibit 29, I'm looking at a Sage Board of Directors  
3 meeting document dated August 20, 2018, at 4:00 p.m.  
4 Do you see that?  
5 **A. Yes.**  
6 Q. Is that the meeting you attended?  
7 **A. Yes.**  
8 Q. We see here that present at the meeting --  
9 there's a list of board of director members, and  
10 there's a list of executive leadership.  
11 Mr. Greenfield and yourself are listed as  
12 attending. Do you see that?  
13 **A. Yes.**  
14 Q. And then these other management folks --  
15 Abigail Paul, was she in the hallway with you?  
16 **A. Yes.**  
17 Q. Gary Pahe, was he in the hallway with you?  
18 **A. No.**  
19 Q. Ms. Nez, was she in the hallway with you?  
20 **A. I don't recall.**  
21 Q. And then we see Ms. Heather Grech. Do you  
22 see that?  
23 **A. Yes.**  
24 Q. Who is Ms. Heather Grech?  
25 **A. Auditor.**

1 **A. No.**  
2 Q. If we look at the second page -- actually,  
3 starting at the bottom of the first page, there's an  
4 account of what occurred inside the executive  
5 session. The board asked Ms. Grech to report on the  
6 fiscal year 2017 audit. It starts there.  
7 **A. Right.**  
8 Q. And then it runs all the way on to the next  
9 page, and there's a large block of text there.  
10 Do you see that there?  
11 **A. Yes.**  
12 Q. Have you ever read this account before?  
13 **A. No.**  
14 Q. I want you to take a minute, and I want you  
15 to tell me if you heard any of this while you were  
16 sitting in the hallway outside of the executive  
17 session.  
18 **A. No. No.**  
19 Q. It seems to be a detailed account of what  
20 happens during the meeting.  
21 **A. But that was closed doors. Like I said, we**  
22 **were listening to some mumbling, but I did not hear a**  
23 **word what they were saying to each other.**  
24 Q. I mean, was there detailed notes being taken  
25 right outside the door by someone? Did you see that?

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1 Q. Who did Ms. Heather Grech work for?  
2 **A. Repeat that question.**  
3 Q. Who did she work for?  
4 **A. She's an auditor for Sage Memorial.**  
5 Q. Is that an independent auditor or was she  
6 paid by --  
7 **A. Yes, independent auditor.**  
8 Q. Tell me about your interactions with  
9 Ms. Grech.  
10 **A. Just the audit stuff. We discussed the --**  
11 **whenever we had audit, if she had questions or she**  
12 **wanted some reports, she let me know and then I**  
13 **provided her.**  
14 Q. That process was ongoing on August 20th,  
15 correct?  
16 **A. No.**  
17 Q. It had concluded?  
18 **A. Because we did -- the 2017 audit was done by**  
19 **that time. We had the copies of it, but she reported**  
20 **in this meeting to the board members.**  
21 Q. Have you reviewed this document, Exhibit 29,  
22 before?  
23 **A. No.**  
24 Q. Did you review it in preparation for your  
25 testimony today?

1 MR. MERRETT: Asked and answered.  
2 **THE WITNESS: No.**  
3 BY MR. BURNS:  
4 Q. Were you aware of anyone on the phone other  
5 than Ms. Grech?  
6 MR. MERRETT: Form.  
7 **THE WITNESS: I don't know.**  
8 BY MR. BURNS:  
9 Q. I'm asking if you were aware of it. So you  
10 either are or are not aware of it.  
11 **A. I am not.**  
12 Q. Going back to page 1 of Exhibit 29, I'm  
13 looking at the second paragraph from the bottom. I'm  
14 going to read it. "The conversation taking place in  
15 the executive conference room was very loud and  
16 portions of it could be overheard easily by the group  
17 waiting in the hall."  
18 **A. Okay.**  
19 Q. "What was overheard follows:"  
20 Do you see that?  
21 **A. Uh-huh.**  
22 Q. Is that true?  
23 **A. Personally I did not hear anything. I can't**  
24 **say about other people.**  
25 Q. But you were having conversations in that





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1 hall yourselves, right?  
2 **A. Me and Tadd, yes.**  
3 MR. BURNS: That will be 55.  
4 (Deposition Exhibit No. 55 was marked for  
5 identification.)  
6 BY MR. BURNS:  
7 Q. This is an email. It's Bates No. 4484.  
8 Exhibit 55 is an email from Tadd Greenfield on  
9 Monday, September 3rd.  
10 Did you receive this email?  
11 **A. Yes.**  
12 Q. Did you review this email?  
13 **A. I probably read it.**  
14 Q. I'm going to look at the bold Section 2 in  
15 the middle. It says, "Hospital Finance Policies."  
16 **A. Uh-huh.**  
17 Q. I'm trying to understand the broken  
18 processes, inaccuracies and no standardized approach  
19 that this paragraph references.  
20 MR. MERRETT: Wait a minute. Is there a  
21 question there?  
22 BY MR. BURNS:  
23 Q. I'm trying to understand it. What were  
24 there?  
25 **A. What was the question?**

1 **A. No.**  
2 Q. It identifies in the first sentence,  
3 "significant issues in the finance department with  
4 regards to policies, practice, and processes."  
5 Do you see that there?  
6 **A. Uh-huh.**  
7 Q. What is your understanding of what that  
8 meant?  
9 MR. MERRETT: Form.  
10 **THE WITNESS: I don't know.**  
11 MR. BURNS: This will be Exhibit 56.  
12 (Deposition Exhibit No. 56 was marked for  
13 identification.)  
14 BY MR. BURNS:  
15 Q. I'm looking at Exhibit 56. It starts with  
16 Bates number ending in 4968. I'm looking at the last  
17 page, and it indicates it's copied to several people  
18 including Mr. Hasan.  
19 Do you see that, sir?  
20 **A. Yes.**  
21 Q. Do you review this letter when it was sent?  
22 **A. No.**  
23 Q. Did you receive it?  
24 **A. Yes.**  
25 Q. Did you look at it, though, when you did

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1 MR. MERRETT: Form and foundation.  
2 BY MR. BURNS:  
3 Q. What were the broken processes that  
4 Mr. Greenfield references?  
5 MR. MERRETT: Foundation.  
6 **THE WITNESS: I don't know.**  
7 BY MR. BURNS:  
8 Q. What were the inaccuracies that  
9 Mr. Greenfield references?  
10 MR. MERRETT: Foundation.  
11 **THE WITNESS: I don't know.**  
12 BY MR. BURNS:  
13 Q. When you read this, what did you understand  
14 the inaccuracies to be?  
15 MR. MERRETT: Form; foundation.  
16 **THE WITNESS: I don't know.**  
17 BY MR. BURNS:  
18 Q. The email says you've made significant  
19 improvements in finance over the past several months;  
20 is that true?  
21 **A. Whatever we can, we try to improve. Yes.**  
22 Q. I just want to be clear. You have no  
23 understanding of what the broken processes,  
24 inaccuracies and no standardized approach is  
25 referencing? You have no understanding what that is?

1 receive it?  
2 **A. I don't recall.**  
3 Q. There's a reference in the middle of the  
4 first page of Exhibit 56 to a July 23rd special board  
5 meeting.  
6 Do you see that?  
7 **A. Yes.**  
8 Q. You were not at that board meeting, correct?  
9 **A. No.**  
10 Q. Would you agree with me that Sage was  
11 entitled to records regarding payments that Sage had  
12 made to Razaghi Healthcare?  
13 MR. MERRETT: Foundation.  
14 **THE WITNESS: I don't know.**  
15 BY MR. BURNS:  
16 Q. If someone from the Sage board had asked you  
17 for -- strike that.  
18 You're aware that Razaghi Healthcare  
19 refused to provide information about payments that  
20 had been made, correct?  
21 MR. MERRETT: Form.  
22 **THE WITNESS: I don't know.**  
23 BY MR. BURNS:  
24 Q. I'm going to jump back to the August 20th  
25 meeting.





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1 **A. Okay.**  
 2 Q. You became aware, as a result of your  
 3 attendance at that meeting, that there was  
 4 controversy between Sage and Razaghi Healthcare,  
 5 correct?  
 6 MR. MERRETT: Form; foundation.  
 7 **THE WITNESS: No.**  
 8 BY MR. BURNS:  
 9 Q. I'm asking if you became aware of it. Did  
 10 you become aware of it?  
 11 **A. No.**  
 12 MR. BURNS: We'll go off the record.  
 13 (Recess from 3:38 p.m. to 3:39 p.m.)  
 14 BY MR. BURNS:  
 15 Q. We can go back on.  
 16 Did you ever have a conversation with  
 17 Mr. Wauneka of any kind?  
 18 **A. No.**  
 19 Q. Did Mr. Wauneka ever communicate to you that  
 20 Sage was terminating the Razaghi Healthcare contract?  
 21 **A. No.**  
 22 Q. Has someone else told you that Mr. Wauneka  
 23 said that?  
 24 **A. No.**  
 25 Q. That's the first time you're hearing that

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1 fact today, something like that?  
 2 **A. When we receive the invoice.**  
 3 Q. What when you received the invoice?  
 4 **A. About the termination fee.**  
 5 Q. I'm asking about communications from  
 6 Mr. Wauneka.  
 7 **A. No.**  
 8 Q. No one has ever told you that Mr. Wauneka  
 9 communicated that a termination was occurring?  
 10 **A. No.**  
 11 MR. BURNS: Let's mark that as 57.  
 12 (Deposition Exhibit No. 57 was marked for  
 13 identification.)  
 14 BY MR. BURNS:  
 15 Q. I'm looking at Exhibit 57. At the bottom  
 16 right, it looks like the Bates numbers got trimmed.  
 17 I'm looking at page 3 of 4, which is the third actual  
 18 page of Exhibit 57.  
 19 In the middle of the page, there's an  
 20 email -- at the bottom of the page, there's an email  
 21 that says August 6, 2018, from Ahmad Razaghi to you,  
 22 right?  
 23 **A. Yes.**  
 24 Q. Mr. Razaghi says, "Please send me a note with  
 25 average of last 4 years of payments made by Navajo

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1 Sage to RH."  
 2 Do you see that there?  
 3 **A. Yes.**  
 4 Q. And then do you see the contract text beneath  
 5 that?  
 6 **A. Yes.**  
 7 Q. You were sent portions of the Razaghi  
 8 Healthcare contract, weren't you?  
 9 **A. Yeah. They send it to me, but I never pay**  
 10 **attention to those.**  
 11 Q. If we move one email up, on August 6, 2018,  
 12 at 11:09 a.m., you wrote, "Ahmad, Attached is the  
 13 last four years payments/average."  
 14 **A. Yes.**  
 15 Q. So you actually did those calculations,  
 16 right?  
 17 **A. Which one?**  
 18 Q. The ones you sent on August 6th, right?  
 19 **A. Okay. Do you have a copy of that**  
 20 **calculation?**  
 21 Q. We'll get there.  
 22 So you did the calculations you sent on  
 23 August 6th, correct?  
 24 **A. I want to see that calculation to make sure**  
 25 **that I did that.**

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1 Q. You sent it on August 6th, right?  
 2 **A. Okay.**  
 3 Q. Did you?  
 4 **A. I did. Yeah.**  
 5 Q. You wouldn't lie in an email, right?  
 6 **A. Right.**  
 7 Q. So, I guess, the question I'm trying to get  
 8 to is: You knew that Mr. Razaghi was contemplating  
 9 terminating at least by August 6, 2018, correct?  
 10 **A. No.**  
 11 Q. Why is he calculating a termination payment  
 12 if he's not terminating?  
 13 **A. Information purposes.**  
 14 Q. You knew that termination is something that's  
 15 at issue, right?  
 16 **A. I don't know.**  
 17 Q. Let's go one email up on August 7th. There's  
 18 a lot of acronyms in here. I'd like you to explain  
 19 to me what you meant when you talk about backup.  
 20 **A. Which column are you looking at?**  
 21 Q. So you send an email on August 7, 2018.  
 22 **A. Okay. What is the question?**  
 23 Q. Why are you saying the calculation should be  
 24 based on audits?  
 25 **A. That's what I did the calculation based off.**





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1 **The audit numbers are the final numbers.**  
 2 Q. You had an opinion on how to calculate the  
 3 termination payment, right?  
 4 **A. No.**  
 5 Q. Why are you saying it should be based on  
 6 audits?  
 7 **A. Audit is always the final numbers. Whenever**  
 8 **we calculate something prior years, it's based on the**  
 9 **financial audit numbers. So we calculated the**  
 10 **audited financial numbers. You calculate whatever**  
 11 **the amount was.**  
 12 Q. When you write, "Comparison audit vs. GL,"  
 13 you mean general ledger, correct?  
 14 **A. Correct.**  
 15 Q. And you write, "In fiscal year 2014-2015" --  
 16 that's what FY means, right? Fiscal year?  
 17 **A. Yes.**  
 18 Q. -- "general ledger is lower than audit in  
 19 2014 over 2 million (see Meditech report)."  
 20 Do you see that?  
 21 **A. Yes.**  
 22 Q. So you were telling him to use the audit  
 23 because it's higher, correct?  
 24 **A. I don't know.**  
 25 Q. The audit is higher, right?

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1 **A. Yes.**  
 2 Q. And then you tell him the calculation should  
 3 be based on audits, right?  
 4 **A. The audit is the final number. That is the**  
 5 **reason.**  
 6 Q. You're teaching Mr. Razaghi how to increase  
 7 his payment by over \$2 million, aren't you?  
 8 **A. No.**  
 9 Q. Let's look at the second to the last page of  
 10 Exhibit 57. I see something approximating an Excel  
 11 spreadsheet. One column is entitled "Audited" and  
 12 one is "As per Meditech Report."  
 13 Do you see that there?  
 14 **A. Yes.**  
 15 Q. These calculations were prepared by you,  
 16 correct?  
 17 **A. Yes.**  
 18 Q. And specifically this \$42,395,404, that was  
 19 prepared by you?  
 20 **A. Audited report, yes.**  
 21 Q. How did you decide what to include in that?  
 22 **A. These numbers are the net of the Sage**  
 23 **Memorial financials. You take that, and then you**  
 24 **average that out.**  
 25 Q. What does net mean in the sentence you just

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1 used?  
 2 **A. Net means whatever is left after the**  
 3 **operating costs, contractuals. Whatever the**  
 4 **remaining is is the net.**  
 5 Q. So what is an operating cost, for example?  
 6 **A. Salaries, wages, purchase services, fixed**  
 7 **assets, interest.**  
 8 Q. So what you calculated here was the amount  
 9 that had been paid in the -- to Razaghi Healthcare  
 10 without expenses included, right?  
 11 **A. Not to Razaghi. This is the numbers from**  
 12 **Sage -- the audited numbers from Sage.**  
 13 Q. Right. The numbers paid to Razaghi, correct,  
 14 by Sage?  
 15 **A. I don't know. Yeah. I don't recall.**  
 16 Q. Let's look at page 3 again.  
 17 **A. Okay.**  
 18 Q. I'm looking at Mr. Razaghi's August 6th  
 19 email. We looked at it to start this.  
 20 **A. Okay.**  
 21 Q. It says, "Please send me a note with average  
 22 of the last 4 years of payments made by Navajo Sage  
 23 to RH."  
 24 **A. Okay.**  
 25 Q. So you were calculating payments made by

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1 Navajo Sage to RH, correct?  
 2 **A. Right.**  
 3 Q. And when you say "net," what is that supposed  
 4 to include?  
 5 **A. Net, again, is take out the operating costs,**  
 6 **contractuals. And whatever the net is, that's what**  
 7 **the net -- cost on the P&L side.**  
 8 Q. What do you exclude? I'm trying to  
 9 understand what operating costs are. If you have a  
 10 Xerox machine that's being rented, does that go into  
 11 that number?  
 12 **A. Yes, an operating cost.**  
 13 Q. And that would not show up here or would show  
 14 up in the \$42 million number?  
 15 **A. Yeah. Whatever that total net is -- that's**  
 16 **taking out of those pieces the total revenue minus**  
 17 **those operating costs, and then you have the net.**  
 18 Q. I'm trying to understand how you calculated  
 19 payments made by Sage to Razaghi Healthcare.  
 20 **A. Okay.**  
 21 Q. And I -- I understand some of this may be a  
 22 little bit confusing, but the way we're using net is  
 23 not how I understand net. So I'm trying to  
 24 understand what you mean. Okay. I'm trying to  
 25 understand what that \$42 million represents.





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1 What type of payments to Razaghi  
2 Healthcare are we talking about?  
3 **A. Those will be, you know, the monthly invoices**  
4 **that Razaghi Healthcare sent to Sage Memorial.**  
5 Q. And what do you take out of those monthly  
6 invoices?  
7 **A. From the Sage side?**  
8 Q. From -- so Razaghi Healthcare would send an  
9 invoice, right?  
10 **A. Yes.**  
11 Q. What gets included in this \$42 million number  
12 and what gets excluded?  
13 **A. That, I don't know.**  
14 Q. I mean, you're the one that performed this  
15 calculation. So how did you determine it?  
16 **A. I don't remember.**  
17 Q. You just included everything, right?  
18 **A. I don't know.**  
19 Q. I'm trying to understand what you thought  
20 Mr. Razaghi was asking you for.  
21 Was he asking you to include pass-through  
22 expenses like Xerox machines? What was he asking you  
23 for? What was your understanding?  
24 **A. No.**  
25 Q. You thought he intended for you to exclude

1 **A. Yes.**  
2 Q. Did you "see below"?  
3 **A. No. I just calculated whatever he was asking**  
4 **for. I did not read the whole thing.**  
5 Q. You did not read the whole email?  
6 **A. No.**  
7 Q. So when you were calculating over \$10 million  
8 will be paid from Razaghi Healthcare -- from Sage to  
9 Razaghi Healthcare, you didn't bother to read the  
10 entire email; is that correct?  
11 **A. That's correct.**  
12 MR. BURNS: Let's go off the record.  
13 (Recess from 3:53 p.m. to 4:09 p.m.)  
14 (Deposition Exhibit No. 58 was marked for  
15 identification.)  
16 BY MR. BURNS:  
17 Q. Back on the record.  
18 I put in front of you Exhibit 58. It's  
19 an email from Nicole Hardy to you.  
20 Do you see that, sir?  
21 **A. Yes.**  
22 Q. The email body states -- it's August 7, 2018.  
23 The email body states, "Please see the attached  
24 Meditech report for the Razaghi payments made from  
25 2013 to 2017." And the second page of the exhibit is

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1 pass-through expenses, right?  
2 **A. I don't know.**  
3 Q. You knew that when you were performing this  
4 calculation, it could result in a payment to Razaghi  
5 Healthcare, right?  
6 **A. I don't know.**  
7 Q. Well, it's the termination payment. You knew  
8 what that was at the time, right?  
9 **A. I knew it when we received the invoice.**  
10 **Before that, I did not know about the termination**  
11 **payment.**  
12 Q. You know it at least as of August 6th when  
13 Mr. Razaghi sent you this email, right?  
14 **A. So where does it says termination?**  
15 Q. If you look at the large, bold text sort of  
16 at the bottom of the page on page 3 of 4 of  
17 Exhibit 57 --  
18 **A. Yeah. I don't know. I don't know.**  
19 Q. I mean, you knew that this is a termination  
20 payment at least as of August 6th, right?  
21 **A. No.**  
22 Q. You got an email?  
23 **A. No.**  
24 Q. Mr. Razaghi directed you to "see below" in  
25 this email on August 6th, didn't he?

1 some kind of accounting rendering.  
2 Do you see that?  
3 **A. Yes.**  
4 Q. So you actually reached out to Nicole Hardy  
5 to get the information about payments made from Sage  
6 to Razaghi Healthcare from the Meditech system,  
7 right?  
8 **A. Yes.**  
9 Q. You actually had a conversation with her  
10 about it, right?  
11 **A. Yes.**  
12 Q. Tell me everything you remember about that  
13 conversation.  
14 **A. That's exactly what it says here. I wanted**  
15 **her to give me the Meditech payments from '13 to '17**  
16 **that were recorded on the GL side.**  
17 Q. Did you give her any detail about what  
18 payments meant or what to include or not include?  
19 **A. No.**  
20 Q. I'm going to jump back in time. We can close  
21 Exhibit 58. I'm going to jump back in time.  
22 We were talking about an August 20, 2018,  
23 board meeting earlier. There was an executive  
24 session, and you were in the hallway.  
25 Do you remember this conversation?





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1 **A. Yes.**  
2 Q. I wanted to ask something about -- what's  
3 your understanding of what an executive session is?  
4 **A. So when the board members just talk to them**  
5 **about anything that they don't want anybody else to**  
6 **be in that meeting.**  
7 Q. So the idea is to exclude other people,  
8 right?  
9 **A. Right.**  
10 Q. So you knew that the people in the hallway  
11 were not supposed to be listening to that  
12 conversation, right?  
13 **A. Right.**  
14 Q. And if you could hear the conversation, what  
15 would you have done?  
16 **A. If I could hear it, I can go farther.**  
17 Q. And you would have done that, right?  
18 **A. Yes.**  
19 Q. Turn to Exhibit 10 in your notebook. I'm  
20 looking at a document marked Exhibit 10, Bates number  
21 ending in 1096.  
22 Are we looking at the same document?  
23 **A. Yes.**  
24 Q. This is entitled "Escrow Agreement." I want  
25 you to take a minute with it. Earlier you talked

1 **A. Tadd Greenfield.**  
2 Q. Let's look at Exhibit 3 to Exhibit 10. We're  
3 looking at Bates number ending in 1113.  
4 MR. MERRETT: I'm sorry. You said  
5 Exhibit 3?  
6 MR. BURNS: Exhibit C as in Charlie. I  
7 may have misspoke.  
8 **THE WITNESS: Exhibit C.**  
9 BY MR. BURNS:  
10 Q. If you look at Bates No. 1113 at the bottom  
11 right, that will get you there.  
12 **A. Okay.**  
13 Q. It's very near the back.  
14 **A. Okay.**  
15 Q. If you turn the page to 1114, there's the  
16 document actually appearing. It seems to be some  
17 kind of trust services statement from Wells Fargo.  
18 Do you see that there?  
19 **A. Yes.**  
20 Q. You just weren't aware of this -- the purpose  
21 of this Wells Fargo account, right?  
22 **A. Yes.**  
23 Q. I'm sorry. You were not aware, correct?  
24 **A. Correct.**  
25 Q. What were your impressions during the time

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1 about not knowing about an escrow account. I want to  
2 know if you knew anything about an escrow agreement.  
3 **A. No.**  
4 Q. You can take a minute to be sure. I just  
5 want to make sure if you knew or did not know  
6 anything about this escrow agreement.  
7 **A. No, I do not. I saw that on the balance**  
8 **sheet -- the escrow account -- but I didn't have any**  
9 **knowledge of this.**  
10 Q. You didn't know the purpose of the escrow  
11 account on the balance sheet, right?  
12 **A. Yes.**  
13 Q. You knew an escrow account existed but not  
14 its purpose?  
15 **A. Yes.**  
16 Q. Who would have been in charge of knowing  
17 about its purpose?  
18 MR. MERRETT: Foundation.  
19 **THE WITNESS: I don't know.**  
20 BY MR. BURNS:  
21 Q. If you had a question about what the escrow  
22 account was -- you didn't know what it was, right?  
23 **A. Right.**  
24 Q. If you had a question, who would you have  
25 asked?

1 you worked at Sage -- actually, once you returned to  
2 Sage as CFO in December of 2017, what were your  
3 impressions of Christi El-Meligi? I'm sorry. I'm  
4 very bad at the names. You know who I'm talking  
5 about, right?  
6 **A. Yes.**  
7 Q. What were your impressions of her  
8 professional competence?  
9 **A. She was not a competent leader.**  
10 Q. And what about Netrishia Delgai? Did you have  
11 any interactions with her?  
12 **A. Not that much. So I don't know about her.**  
13 Q. Did you have any impressions of her  
14 professional competence?  
15 **A. No.**  
16 Q. When did you become aware that Christi and  
17 Matt were complaining to the board about -- strike  
18 that.  
19 When did you become aware that Christi  
20 was complaining to the board about Razaghi  
21 Healthcare's financial practices?  
22 MR. MERRETT: Form and foundation.  
23 **THE WITNESS: I don't know.**  
24 BY MR. BURNS:  
25 Q. Did you become aware of it at some point?





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1 **A. No.**  
2 Q. That's the first time you're hearing that  
3 today?  
4 **A. Yes.**  
5 Q. You were unaware that Christi was alleging  
6 financial improprieties being committed by Razaghi  
7 Healthcare?  
8 **A. I don't know.**  
9 Q. I'm asking if you're aware.  
10 **A. No.**  
11 Q. You had no awareness of that?  
12 **A. No.**  
13 Q. Did you know -- do you have any awareness  
14 that Christi was claiming that there were  
15 improprieties in the audits that were being done of  
16 Sage's finances?  
17 **A. No.**  
18 Q. You just learned that when I asked you that,  
19 right?  
20 **A. Yes.**  
21 Q. You can go ahead and look at Exhibit 16 in  
22 your book.  
23 **A. Okay.**  
24 MR. BURNS: Let's mark 59.  
25

1 and Tausif Hasan" -- I'm skipping a line -- "hereby  
2 submit first First Supplemental Responses to  
3 Plaintiff's First Set of Interrogatories."  
4 Do you see that line there?  
5 **A. Yes.**  
6 Q. What I'm trying to understand is: You  
7 understand you're a defendant in this action, right?  
8 **A. Yes.**  
9 Q. Did you review these supplemental responses  
10 before they were made?  
11 **A. No.**  
12 Q. At page 13 of the supplemental responses,  
13 there's an Interrogatory No. 6.  
14 Do you see that, sir?  
15 **A. Yes.**  
16 Q. I'll just state for you that interrogatories  
17 are demands for information or questions, and legal  
18 documents like this -- I know they're not authored by  
19 clients. I'm not trying to play a trick, but here's  
20 what I need to understand. This answer to No. 6, is  
21 it something you agree with? Is it your answer, or  
22 is there additional information we need to know?  
23 MR. MERRETT: Form.  
24 BY MR. BURNS:  
25 Q. And so if you could read No. 6, I'll ask you

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1 (Deposition Exhibit No. 59 was marked for  
2 identification.)  
3 BY MR. BURNS:  
4 Q. Let's start with 59. Do you have that in  
5 front of you, sir?  
6 **A. Yes.**  
7 Q. They're remarkably similar documents, so  
8 we'll be detailed to keep the difference between the  
9 two.  
10 We can see at the top left above the  
11 caption there's a law firm Thorpe Shwer.  
12 Do you see that?  
13 **A. Yes.**  
14 Q. Is that your law firm?  
15 **A. Yes.**  
16 Q. I'm not going to ask you about conversations  
17 you've had with your counsel. That's important with  
18 a document like this. So my questions are not  
19 intended to implicate the conversations you've had  
20 with counsel. So you don't need to include that in  
21 your answers, but I need to ask some questions about  
22 this document.  
23 We can see in the first line -- it's  
24 actually at line number 22 on the page. "Defendants  
25 Razaghi Development Company, LLC, Ahmad R. Razaghi

1 a few questions about it.  
2 **A. Okay.**  
3 Q. The answer to Interrogatory No. 6 runs on to  
4 the next page, and it's the answer to Interrogatory  
5 No. 6 I'm going to be primarily focused on. So you  
6 may want to take a minute to review that.  
7 **A. Okay.**  
8 Q. I'm not going to represent this to you  
9 because I don't know, but sometimes in supplemental  
10 documents new text is bolded. That's what we believe  
11 happened here, but it's something I'm going to be  
12 asking you about.  
13 **A. Okay.**  
14 Q. When we have a joint document -- and here we  
15 have multiple defendants -- sometimes one defendant  
16 knows a lot about something and sometimes one  
17 defendant knows not a lot about something. I'm  
18 trying to ask what you know about the answer to  
19 Interrogatory No. 6, these facts that are listed  
20 here.  
21 Do you know any of this, or is this not  
22 something you know?  
23 **A. Repeat the question.**  
24 Q. Sure.  
25 I'm trying to understand for the





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1 information that's listed in the answer to  
2 Interrogatory No. 6 in Exhibit 59 -- is this  
3 information you have knowledge of?  
4 **A. No.**  
5 Q. So this -- and I'm going to look at the  
6 bolded text specifically on page 14 of Exhibit 59.  
7 Do you have any knowledge about the facts  
8 in the bolded text?  
9 **A. No, not until August 27th.**  
10 Q. What did you learn on August 27th?  
11 **A. When we received the invoice.**  
12 Q. Besides the knowledge of receiving the  
13 invoice, is there anything else about this that you  
14 have personal knowledge of? I'm looking at the  
15 bolded text on page 14.  
16 **A. No.**  
17 Q. I want you to just take a minute and be sure.  
18 This is our one chance to ask you about it, and we're  
19 trying to understand what different defendants know.  
20 Is there anything else, other than what  
21 you told me, that you have personal knowledge about  
22 in the bolded text on page 14 of Exhibit 59?  
23 MR. MERRETT: Asked and answered.  
24 **THE WITNESS: I don't know.**  
25 BY MR. BURNS:

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1 Q. So you have no knowledge?  
2 **A. No.**  
3 MR. BURNS: I'm going to take two minutes  
4 to talk to Sam real quick.  
5 (Recess from 4:24 p.m. to 4:26 p.m.)  
6 MR. BURNS: We'll go back on the record.  
7 Nothing further for now.  
8 MR. MERRETT: We'll read and sign.  
9  
10 (Deposition concluded at 4:26 p.m.)  
11  
12  
13  
14  
15  
16  
17  
18  
19  
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21  
22  
23  
24  
25

TAUSIF HASAN

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1 CERTIFICATE OF CERTIFIED REPORTER  
2 BE IT KNOWN that the foregoing  
3 proceedings were taken before me; that the witness  
4 before testifying was duly sworn by me to testify to  
5 the whole truth; that the foregoing pages are a full,  
6 true and accurate record of the proceedings, all done  
7 to the best of my skill and ability; that the  
8 proceedings were taken down by me in shorthand and  
9 thereafter reduced to print under my direction; I  
10 have complied with the ethical obligations set forth  
11 in ACJA 7-206(F) and ACJA 7-206 J(1)(g)(1) and (2).  
12  
13 I CERTIFY that I am in no way related to  
14 any of the parties hereto, nor am I in any way  
15 interested in the outcome hereof.  
16  
17 [X] Review and signature requested; any  
18 changes made by the witness will be attached to the  
19 original transcript  
20 [ ] Review and signature waived/not requested  
21 [ ] Review and signature not required  
22  
23 Dated at Phoenix, Arizona, this 9th of May,  
24 2024.  
25  
/s/ Kristi K. Spires  
\_\_\_\_\_  
Kristi K. Spires, RPR  
Certified Reporter  
Arizona CR No. 50135  
\* \* \* \* \*  
I CERTIFY that GRIFFIN GROUP INTERNATIONAL,  
has complied with the ethical obligations set forth  
in ACJA 7-206(J)(1)(g)(1) through (6).  
\_\_\_\_\_  
/s/ Pamela A. Griffin  
\_\_\_\_\_  
GRIFFIN GROUP INTERNATIONAL  
Registered Reporting Firm  
Arizona RRF No. R1005

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1 GRIFFIN GROUP INTERNATIONAL - ERRATA SHEET - CHANGES IN TESTIMONY  
2 3200 East Camelback Road Suite 177 Phoenix, Arizona 85018  
3 Tausif-Hasan-May 07, 2024  
4 Errata & Signature due no later than June 14, 2024.  
5  
6  
7 PAGE LINE CORRECTIONS/CHANGES REASON  
8  
9  
10  
11  
12  
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14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25 SIGNATURE OF WITNESS DATE





# **EXHIBIT 41**



**THORPE SHWER, P.C.**

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 Bradley D. Shwer (No. 022696)  
 Matthew T. St. Martin (No. 034037)  
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*Attorneys Defendants Razaghi Development  
 Company, LLC, Ahmad R. Razaghi and Tausif Hasan*

**IN THE UNITED STATES DISTRICT COURT  
 DISTRICT OF ARIZONA**

Navajo Health Foundation – Sage Memorial  
 Hospital, Inc. d/b/a Sage Memorial Hospital,

Plaintiff,

v.

Razaghi Development Company, LLC; Ahmad  
 R. Razaghi; Tausif Hasan; and Does 1-10,

Defendants.

Case No. 3:23-cv-08072-DJH (DMF)

**DEFENDANTS' FIRST  
 SUPPLEMENTAL RESPONSES TO  
 PLAINTIFF'S FIRST SET OF  
 INTERROGATORIES**

AND ALL RELATED CLAIMS.

Defendants Razaghi Development Company, LLC (“RDC”), Ahmad R. Razaghi (“Razaghi”) and Tausif Hasan (“Hasan”) (collectively, “Defendants”), by and through counsel undersigned, hereby submit their First Supplemental Responses to Plaintiff’s First Set of Interrogatories (the “Interrogatories”), as follows:

**PRELIMINARY STATEMENT**

1. These supplemental objections and responses are made solely for the purposes of and use in this litigation.



THORPE SHWER, P.C.

2. Defendants' investigation and development of all facts and circumstances relating to this action is ongoing. These supplemental responses and objections are made without prejudice to, and are not a waiver of, Defendants' right to rely on other facts or documents at trial.

3. By making the accompanying supplemental responses and objections to the Interrogatories, Defendants do not waive, and hereby expressly reserve, their right to assert any and all objections as to the admissibility of such responses into evidence in this action, or any other proceedings, on any and all grounds including, but not limited to, competency, relevancy, materiality, and privilege.

4. Further, Defendants make the supplemental responses and objections herein without in any way implying that they consider the Interrogatories or responses thereto to be relevant to any party's claims or defenses and proportional to the needs of this case.

5. Defendants' supplemental responses are based upon their present knowledge, information, and belief. Defendants expressly reserve the right to supplement, clarify, revise, or correct any or all of the responses and objections herein, and to assert additional objections or privileges, in one or more subsequent supplemental responses.

6. Except for the facts explicitly admitted herein, no admission of any nature whatsoever is to be implied or inferred. The fact that a request herein has been answered should not be taken as an admission of, or a concession of the existence of, any facts set forth or assumed by such request. All responses must be construed as given on the basis of present recollection.

7. In the event that any of Defendants' responses are ever read to the jury or to the Court, Defendants expressly require that any modifications or supplements to these responses be read as well.

#### **OBJECTIONS TO DEFINITIONS AND INSTRUCTIONS**

1. Defendants object to the definition of "CEO Services Contract" as "the contract Razaghi Healthcare and Sage entered into on or around March 18, 2011, as subsequently amended." Defendants object to the characterization of any "CEO Services



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Contract” because (a) Razaghi Healthcare, L.L.C. and Plaintiff entered a “CEO Services Contract” dated March 18, 2011; (b) Razaghi Development Company dba Razaghi Healthcare and Plaintiff entered an “Amendment No. 1 and Extension No. 1 to CEO Services Contract” dated May 17, 2013, which states that it “entirely supersede[d]” the March 18, 2011 “Original Contract” and is thus a restatement and not an amendment of the March 18, 2011 agreement; and (c) Defendant RDC and Plaintiff entered an “Amendment No. 2 to CEO Services Contract” dated June 16, 2017, which “entirely supersede[d] the Original Contract and the Original Contract as amended” and is also a restatement and not an amendment of the May 17, 2013 agreement.

2. Defendants object to the definition of “Relevant Time Period” as “the time period from March 2011 to the present.” Defendants object on the grounds that such time period is overbroad and not reasonably limited in time or temporally tied to the claims and defenses at issue in this matter. Indeed, the longest statute of limitations applicable to Plaintiff’s claims is six years. Plaintiff filed its claim ostensibly subject to this statute of limitations on or about May 28, 2021. Alleged actions, omissions, and other events occurring more than ten years prior to the filing are not relevant to Plaintiff’s claims.

3. Defendants object to the definitions of “Document,” “Documents,” “Communication,” “Person,” “Persons,” “Relating to,” “Regarding,” “Concerning,” “Identify,” “Describe,” and “Specify,” to the extent they are inconsistent with the Federal Rules of Civil Procedure, or to the extent they do not comport with the ordinary meaning of those words.

4. Defendants further object to the definitions of “RDC” or “Razaghi Healthcare” to the extent they purport to impose on Defendants an obligation to produce information from any person or entity other than RDC, or to the extent they purport to impose an obligation on RDC to produce information that is not in RDC’s possession, custody, or control.

### **GENERAL OBJECTIONS**

The following General Objections apply to each of the Interrogatories and shall have



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1 the same force and effect as if set forth in full in response to each individually numbered  
2 request.

3 1. Defendants object to each of the Interrogatories to the extent that they seek  
4 information protected from discovery or exempted from disclosure by the attorney-client  
5 privilege, the attorney-work product doctrine, or any other applicable privilege, protection,  
6 immunity, law, or rule.

7 2. Defendants object to each of the Interrogatories (and their accompanying  
8 Instructions) to the extent that they seek to impose burdens and obligations on Defendants  
9 that exceed those imposed by the Federal Rules of Civil Procedure or the Local Rules of  
10 Practice for the District of Arizona.

11 3. Defendants object to each of the Interrogatories to the extent they are overly  
12 broad and unduly burdensome and seek information that is not relevant to any claims or  
13 defenses in this action.

14 4. Defendants object to each of the Interrogatories to the extent they seek  
15 documents or information already in the possession of or readily available to Plaintiffs.

16 5. Defendants incorporate by reference every general objection set forth above  
17 into each specific response set forth below. A specific response may repeat a general  
18 objection for emphasis or some other reason. The failure to include any general objection  
19 in any specific response does not waive any general objection to that request. Moreover,  
20 Defendants do not waive their right to amend their responses.

## 21 **INTERROGATORIES**

### 22 **INTERROGATORY NO. 1:**

23 Identify all Razaghi Healthcare employees, agents, representatives, subcontractors,  
24 and independent contractors, as well as all third parties hired or recruited by Razaghi  
25 Healthcare (including any attorneys, accountants, contractors, or other professionals), who  
26 provided services to or for the benefit of Sage or the Sage Board at any point during the  
27 Relevant Time Period. The identification shall, in addition to the information set forth in

28 . . .



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1 the definition for "Identify" above, include a description of each person's role and title, by  
 2 date, during all times that the person provided such services.

3 **RESPONSE:**

4 In addition to the Preliminary Statement, Objections to the Definitions and  
 5 Instructions, and General Objections listed above, Defendants object to Interrogatory No.  
 6 1 because it is overly broad and unduly burdensome, including but not limited to, because  
 7 it is not reasonably limited in time, location, or subject matter. *Any interrogatory which*  
 8 *is too general and all-inclusive need not be answered. Auer v. Hershey Creamery Co.,*  
 9 *1 F.R.D. 14 (D. N.J. 1939); Stovall v. Gulf and South American Steamship Company,*  
 10 *Inc., 30 F.R.D. 152 (S.D. Tex. 1961). Plaintiff cannot reasonably be expected to know*  
 11 *"all" of anything and a court would likewise have difficulty making an enforceable order*  
 12 *requiring Plaintiff to identify "all" of anything.*

13 Defendants also object to this Interrogatory because it would cause unreasonable  
 14 annoyance, oppression, burden, or expense and would require Defendants to undertake an  
 15 unreasonable investigation. It is unreasonable and would take excessive time and cost for  
 16 Defendants to gather information as requested. Defendants further object to this  
 17 Interrogatory to the extent it seeks information that is equally available to Plaintiff as it is  
 18 to Defendants. Subject to the foregoing, pursuant to Fed. R. Civ. P. 33(d), Defendants refer  
 19 Plaintiff to the following documents, which contain information responsive to this  
 20 Interrogatory No. 1 for the time period relevant to Plaintiff's claims, May 2015 to August  
 21 2018: [RDC Sage\_007794 – RDC Sage\_007966]. Defendants reserve the right to  
 22 supplement, clarify, revise, or correct its response to this Interrogatory.

23  
 24 **INTERROGATORY NO. 2:**

25 For each person identified in response to Interrogatory No. 1, identify all services  
 26 provided by that person to or for the benefit of Sage, all amounts charged to Sage for those  
 27 services, all rates charged to Sage for those services (including the time periods for each,

28 . . .



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1 if different rates were charged at different times). and the contractual or other basis for the  
2 amounts charged.

3 **RESPONSE:**

4 In addition to the Preliminary Statement, Objections to the Definitions and  
5 Instructions, and General Objections listed above, Defendants object to Interrogatory No. 2  
6 because it is overly broad and unduly burdensome, including but not limited to, because it  
7 is not reasonably limited in time, location, or subject matter. *Any interrogatory which is*  
8 *too general and all-inclusive need not be answered. Auer v. Hershey Creamery Co.,*  
9 *1 F.R.D. 14 (D. N.J. 1939); Stovall v. Gulf and South American Steamship Company,*  
10 *Inc., 30 F.R.D. 152 (S.D. Tex. 1961). Plaintiff cannot reasonably be expected to know*  
11 *“all” of anything and a court would likewise have difficulty making an enforceable order*  
12 *requiring Plaintiff to identify “all” of anything.*

13 Defendants also object to this Interrogatory because it would cause unreasonable  
14 annoyance, oppression, burden, or expense and would require Defendants to undertake an  
15 unreasonable investigation. It is unreasonable and would take excessive time and cost for  
16 Defendants to gather information as requested. Defendants further object to this  
17 Interrogatory to the extent it seeks information that is equally available to Plaintiff as it is  
18 to Defendants. Subject to the foregoing, pursuant to Fed. R. Civ. P. 33(d), Defendants refer  
19 Plaintiff to the following documents, which contain information responsive to this  
20 Interrogatory No. 2 for the time period relevant to Plaintiff’s claims, May 2015 to August  
21 2018: [RDC Sage\_007794 – RDC Sage\_007966]. Defendants reserve the right to  
22 supplement, clarify, revise, or correct its response to this Interrogatory.

23  
24 **INTERROGATORY NO. 3:**

25 Describe in detail the factual and legal support for each and every affirmative  
26 defense to Sage’s claims that You asserted in Your First Amended Answer to Plaintiff’s  
27 Third Amended Complaint (Doc. 298). If any such affirmative defense, or the factual or

28 . . .



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1 legal support for any such affirmative defense, is not asserted equally for each Defendant.  
2 please explain in detail any such differences of position.

3 **RESPONSE:**

4 Subject to the Preliminary Statement, Objections to the Definitions and Instructions,  
5 and General Objections listed above, Defendants respond to Interrogatory No. 3 as follows  
6 with respect to Defendants' Answer to Plaintiff's Fourth Amended Complaint (Doc. 345),  
7 which is the current operative Answer:

8 Statute of Limitations. Defendants have asserted that Plaintiff's claims are barred,  
9 in whole or in part, by applicable statutes of limitations. Plaintiff's RICO claims are subject  
10 to a four-year statute of limitations. *Agency Holding Corp. v. Malley-Duff & Assocs., Inc.*,  
11 483 U.S. 143, 156 (1987). The limitations period begins to run on the date the plaintiff  
12 knew or should have known the elements of a civil RICO cause of action existed. Plaintiff  
13 asserted its RICO claims in the original Complaint filed February 22, 2019. To the extent  
14 Plaintiff proves the elements of its RICO claims, Defendants may be able to show that  
15 Plaintiff was aware or should have been aware that the elements of such claims existed  
16 prior to February 22, 2015, and thus the filing of the RICO claims falls outside the  
17 permissible limitations period for such claims.

18 Plaintiff's claims for fraud and constructive fraud are subject to a three-year statute  
19 of limitations pursuant to A.R.S. § 12-543(3). Plaintiff's common law fraud and  
20 constructive fraud claims, as asserted in the Complaint were predicated on the alleged false  
21 representation made on August 27, 2018 in relation to Defendants' submittal of invoice  
22 #1369. Plaintiff's common law fraud and constructive fraud claims were expanded in the  
23 First Amended Complaint filed on June 1, 2021 to include alleged false representations  
24 and omissions in addition to that alleged as having been made on August 27, 2018 in  
25 relation to the submittal of invoice #1369. To the extent Plaintiff's common law fraud and  
26 constructive fraud claims are based on alleged false representations and omissions  
27 occurring prior to June 1, 2018 and not alleged in the original Complaint, such claims are  
28 time-barred.



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1 Plaintiff's claim for civil conspiracy and aiding and abetting is governed by the  
 2 statute of limitations for the underlying tort action – fraud. *See YF Trust v. JP Morgan*  
 3 *Chase Bank, N.A.*, 2008 U.S. Dist. LEXIS 102350, at \*7 (D. Ariz. 2008). Plaintiff's claim  
 4 for civil conspiracy and aiding and abetting is time-barred to the same extent, and for the  
 5 same reasons outlined with respect to Plaintiff's claims for common law fraud and  
 6 constructive fraud.

7 Plaintiff's claims for breach of fiduciary duty are governed by a two-year statute of  
 8 limitations pursuant to A.R.S. § 12-542. Plaintiff first pled these claims in the First  
 9 Amended Complaint filed on June 1, 2021. To the extent Plaintiff's breach-of-fiduciary-  
 10 duty claims are based on acts and omissions occurring prior to June 1, 2019 and facts not  
 11 alleged in the original Complaint, such claims are time-barred.

12 To the extent Plaintiff's claim for breach of the covenant of good faith and fair  
 13 dealing relies on the allegation that RDC “tortuously contravened the intention and spirit  
 14 of the [Contract] by failing to obtain the approval of the Sage Board to increase Razaghi's  
 15 billing rate from \$175 per hour to a net rate of \$495 per hour,” such claim is governed by  
 16 a two-year statute of limitations pursuant to A.R.S. § 12-542. Plaintiff's claim for tortious  
 17 breach of the covenant of good faith and fair dealing based on this theory was first asserted  
 18 in the First Amended Complaint filed on June 1, 2021. To the extent Plaintiff's claim is  
 19 based on acts and omissions occurring prior to June 1, 2019 and not alleged in the original  
 20 Complaint, such claim is time-barred.

21 Plaintiff's unjust enrichment claim is governed by a three-year statute of limitations  
 22 pursuant to A.R.S. § 12-543(1). Plaintiff's first asserted their unjust enrichment claim in  
 23 the First Amended Complaint filed June 1, 2021. To the extent Plaintiff's claim is based  
 24 on acts and omissions occurring prior to June 1, 2018 and not alleged in the original  
 25 Complaint, such claim is time-barred.

26 Waiver, Laches, and/or Estoppel. Defendants have asserted that Plaintiff's claims  
 27 are barred, in whole or in part, by the doctrines of waiver, laches, and/or estoppel.  
 28 Waiver is the intentional relinquishment of a known right with knowledge of its existence



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1 and the intent to relinquish it. *Arizona v. Tohono O'Odham Nation*, 944 F.Supp.2d 748.  
 2 757 (D. Ariz. 2013) (quoting *United States v. King Features Entm't, Inc.*, 843 F.2d 394.  
 3 399 (9th Cir. 1988)). Laches "is an equitable defense that prevents a plaintiff, who with  
 4 full knowledge of the facts, acquiesces in a transaction and sleeps upon his rights." *Danjaq*  
 5 *LLC v. Sony Corp.*, 263 F.3d 942, 950-51 (9th Cir. 2001) (internal quotation marks and  
 6 citation omitted). Estoppel, is proved by establishing four elements: (1) the party to be  
 7 estopped must know the facts; (2) the party to be estopped must intend that its conduct  
 8 shall be acted on or must so act that the party asserting the estoppel has a right to believe  
 9 it is so intended; (3) the party asserting the estoppel must be ignorant of the true facts; and  
 10 (4) the party asserting the estoppel must rely on the former's conduct to its injury. *Central*  
 11 *Ariz. Water Conservation Dist. v. United States*, 32 F.Supp.2d 1117, (D. Ariz. 1998)  
 12 (quoting *United States v. Garan*, 12 F.3d 858, 860 (9th Cir. 1993)).

13 Collateral Estoppel and/or Judicial Estoppel. Defendants have asserted that  
 14 Plaintiff's claims are barred, in whole or in part, by the doctrines of collateral estoppel  
 15 and/or judicial estoppel. Defendants intend to withdraw the asserted defense of collateral  
 16 estoppel. Judicial estoppel "prevents a party from prevailing in one phase of a case on an  
 17 argument then relying on a contradictory argument to prevail in another phase." *Fisher v.*  
 18 *Aetna Life Ins. Co.*, 2009 U.S. Dist. LEXIS 147484, \*8 (quoting *Zedner v. United States*,  
 19 547 U.S. 489, 504 (2006)).

20 Economic Loss Doctrine. Defendants have asserted that Plaintiff's tort claims are  
 21 barred by the economic loss doctrine. Tort claims arising out of breach-of-contract actions  
 22 are barred by the Economic Loss Doctrine, which limits contracting parties to contractual  
 23 remedies for the recovery of economic losses unaccompanied by physical injuries to  
 24 persons or other property. *Barrio v. Gisa Invs. LLC*, 2020 U.S. Dist. LEXIS 191584, at  
 25 \*3-4; citing *Flagstaff Affordable Hous. Ltd. P'ship v. Design Alliance, Inc.*, 223 Ariz. 320,  
 26 223 P.3d 664 (2010). Plaintiff's claims for fraud and constructive fraud arise from the  
 27 parties' contractual relationship. The Contract provides provisions related to allocating  
 28 losses and remedies. Plaintiff alleges only economic losses and no physical injuries to



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persons or other property. Thus, Plaintiff's fraud and constructive fraud claims are barred by the economic loss rule.

Recoupment/Set-Off/Offset. Defendants have asserted that, to the extent that Plaintiff is entitled to damages or penalties, Defendants are entitled to a recoupment/set-off/offset for any overpayments of consideration by Defendants previously provided to Plaintiff or underpayment of consideration by Plaintiff owed to Defendants. Recoupment is an equitable doctrine wherein the claim of a defendant can be used to reduce or to eliminate a judgment. *W.J. Kroeger Co. v. Travelers Indem. Co.*, 112 Ariz. 285, 287-88, 541 P.2d 385, 387-88 (1975). The right of offset, or setoff, allows parties owing each other money to apply their mutual debts against each other, thereby avoiding "the absurdity of making A pay B when B owes A." *Citizens Bank v. Strumpf*, 516 U.S. 16, 18 (1995) (quoting *Studley v. Boylston Nat'l Bank*, 229 U.S. 523, 528 (1913)).

Indemnification. Defendants have asserted that Defendants are entitled to indemnification for damages, if any, and any and all costs and fees incurred by Defendants in defense of this lawsuit pursuant to Section 12(H) of the Contract.

Failure to Mitigate Damages. Defendants intend to withdraw the asserted affirmative defense of failure to mitigate damages.

Discovery into the facts supporting the above-referenced affirmative defenses is ongoing. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

#### **INTERROGATORY NO. 4:**

Identify and describe in detail each of the "contractual provisions" You claim Sage breached, as alleged in Paragraphs 105 and 109 of Razaghi Healthcare's Counterclaims and Second Amended Third Party Claims (Doc. 298), including: (1) the specific provision You contend was breached and (2) every fact supporting Your contention that it was breached.

. . .



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**RESPONSE:**

Subject to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants respond to Interrogatory No. 4 as follows: Paragraph 105 of RDC's Counterclaims and Second Amended Third-Party Claims (Doc. 217) refers to Plaintiff "failing to allow RDC to perform its management functions under the contract," "interfering with the reassignment of El-Meligi and Dalgai from Sage Memorial Hospital to RDC," and "failing to pay RDC the performance fee approved by the Board of Directors on or about December 15, 2017."

Section 2(A) of the Contract provides that the Board shall retain authority placed in it by law and its bylaws except to the extent such authority has been delegated to RDC. Section 2(C) of the Contract delegates to RDC "the right and commensurate authority and responsibility, express or implied, to oversee the supervision and effective management of the Corporation." Section 2(C)(1) further provides that RDC "agrees to perform the duties and responsibilities of the position of Chief Executive Officer set forth in the Sage Memorial Hospital Position Description for the position of Chief Executive Officer." Section 2(C)(2) expressly states that RDC "shall be responsible for overseeing the recruitment, hiring, promotion, disciplining, and firing of (i) Corporation key executives who report to the CEO, including without limitation the Chief Financial Officer, the Medical Director, the Chief Operations Officer, and the Director of Nursing ("Key Executives")...." Netrishia Dalgai's position as Chief Operations Officer fell squarely within the definition of a Key Executive. Christi El-Meligi's position as Co-CEO also fell within the definition of a Key Executive as the job description expressly provided that the Co-CEO would be supervised by the Chief Executive Officer. Thus, Plaintiff breached the above-referenced provisions of the Contract when it obstructed RDC's ability to perform the above-listed management functions under the contract and by interfering with the reassignment of El-Meligi and Dalgai from Sage Memorial Hospital to RDC.

Paragraph 109 of RDC's Counterclaims and Second Amended Third-Party Claims (Doc. 217) refers to Plaintiff's failure to pay RDC the entire compensation outlined in the



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Contract up to the date of termination, including but not limited to Incentive Fees. Annual Retention Bonuses. Management Consulting Services. Executive Leadership Services. employee reimbursements, and reimbursement for D&O Insurance. Section 5 of the Contract lists various categories of compensation to which RDC was entitled in exchange for its services. Among other things, Section 5(A) provides for base pay for professional services rendered by Ahmad R. Razaghi, Section 5(B) provides for an Annual Incentive Fee, Section 5(C) provides for an Annual Retention Bonus, Section 5(D) provides for the Termination Payment, Section 5(E) provides for a Performance Fee, and Section 5(F) acknowledges Plaintiff's agreement to provide RDC with D&O Insurance. Section 2(C)(2) of the Contract acknowledges Plaintiff's agreement to pay RDC the costs of services of RDC personnel. Plaintiff breached the above-listed provisions of the Contract as further set forth in Defendants response to Interrogatory No. 9. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

**INTERROGATORY NO. 5:**

Identify and describe in detail each "unauthorized communication" that, in Paragraphs 41, 124, 142, and 149 of Razaghi Healthcare's Counterclaims and Second Amended Third-Party Claims (Doc. 298), You allege occurred, including: (1) the date of each such communication, (2) all persons involved in each such communication, (3) the substance of each such communication, and (4) all facts supporting your contention that each such communication was "unauthorized."

**RESPONSE:**

Subject to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants respond to Interrogatory No. 5 as follows:

Upon information and belief, in July 2018, Ms. El-Meligi and Ms. Dalgai communicated with certain members of the Sage Board, including but not limited to Ms. Kelewood and Ms. Terry, to protest their reassignment from Sage Memorial Hospital to Razaghi Healthcare's Scottsdale, Arizona offices and devise a plan for the Board to

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1 intervene to prevent the reassignment or otherwise interfere with RDC personnel matters.  
 2 Upon further information and belief, Ms. El-Meligi and Ms. Dalgai communicated with  
 3 certain members of the Sage Board to plan points of discussion for meetings of the Sage  
 4 Board to question and interfere with RDC's authority over personnel matters and RDC's  
 5 management of Sage Memorial Hospital. Upon further information and belief, certain  
 6 members of the Sage Board forwarded email communications between the Board and RDC  
 7 regarding RDC personnel matters to Ms. El-Meligi and Ms. Dalgai. Discovery is  
 8 ongoing. Defendants reserve the right to supplement, clarify, revise, or correct its response  
 9 to this Interrogatory.

10  
 11 **INTERROGATORY NO. 6:**

12 Describe in detail all factual and legal basis for the wiring of the \$10.8 million from  
 13 Sage to Razaghi Healthcare on or about August 27, 2018, including without limitation all  
 14 facts and calculations supporting Your contention that Razaghi Healthcare was entitled to  
 15 those funds.

16 **RESPONSE:**

17 Subject to the Preliminary Statement, Objections to the Definitions and Instructions,  
 18 and General Objections listed above, Defendants respond to Interrogatory No. 6 as follows:  
 19 Section 4(C) of the Contract provides:

20 In the event this Contract expires, or RH terminates this contract for cause, or  
 21 the Corporation elects to terminate this Contract at any time prior to  
 22 termination of this Contract for any reason other than those listed as "cause" in  
 23 Section 4.A., the Corporation shall pay to RH (a) sum equal to the  
 24 compensation described in this Contract up to the date of termination plus (b)  
 25 the Termination Payment . . .

26 Section 5(D)(2) of the Contract provides:

27 In the event that this Contract expires, or RH terminates this Contract for cause,  
 28 or the Corporation elects to terminate this Contract at any time prior to



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1 expiration of this Contract for any reason other than those listed as "cause" in  
 2 Section 4.A., the Corporation shall, in addition to any other amounts due under  
 3 this Contract, pay RH a Termination Payment in an amount equal to the  
 4 average of the amount paid to RH by the Corporation each year during the most  
 5 recent four years of service, including the year of expiration or termination,  
 6 which shall be prorated through the actual date of such expiration of  
 7 termination.

8 *On August 31, 2018, Plaintiff's board of directors adopted a resolution pursuant*  
 9 *to which Plaintiff terminated the Contract effective immediately. The termination*  
 10 *purportedly resulted from the board's learning on August 30, 2018, that RDC paid itself*  
 11 *the Termination Payment on August 27, 2018. RDC's receipt of the Termination*  
 12 *Payment on August 27, 2018, rather than on September 1, 2018, 30 days after RDC's*  
 13 *August 2, 2018 notice of Plaintiff's breaches of the Contract, may have constituted a*  
 14 *non-criminal material breach of the Contract. However, Plaintiff terminated the*  
 15 *Contract without providing RDC with written notice of this breach and without giving*  
 16 *RDC 30 days to cure any such breach. Consequently, Plaintiff terminated the Contract*  
 17 *under circumstances entitling RDC to the Termination Payment.*

18 *The Termination Payment was calculated as an amount equal to the average of*  
 19 *the amount Plaintiff paid to RDC during the then most recent four years of service. As*  
 20 *reflected on RDC's Invoice # 1369, RDC calculated the Termination Payment as follows:*

- 21 *a. RDC determined that the applicable four year period was September 1,*  
 22 *2014 to August 27, 2018; and*
- 23 *b. RDC calculated the average of the amount Plaintiff paid to it during this*  
 24 *time period (\$15,937,168.45) and applied a Professional Services Discount*  
 25 *of \$5,082,034.30, which produced a Termination Payment in the amount*  
 26 *of \$10,855,134.15.*

27 **INTERROGATORY NO. 7:**

28 Describe in detail all factual and legal basis for Your contention that Razaghi

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Healthcare was owed a Termination Payment under Paragraph D of the CEO Services Contract, as amended.

**RESPONSE:**

In addition to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants object to Interrogatory 8 because Defendants do not contend that Razaghi Healthcare was owed a Termination Payment under “Paragraph D” of the CEO Services Contract, as amended. Subject to the foregoing, *see* Defendants’ Response to Interrogatory 6.

**INTERROGATORY NO. 8:**

Identify and describe the services or other work performed by or on behalf of any Defendant to support each of the invoices detailed in Paragraphs 137 and 178 of Plaintiff’s Third Amended Complaint (Doc. 192).

**RESPONSE:**

In addition to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants object to Interrogatory No. 8 because it is overly broad and unduly burdensome, including but not limited to, because it is not reasonably limited in time, location, or subject matter. Defendants also object to this Interrogatory because it would cause unreasonable annoyance, oppression, burden, or expense and would require Defendants to undertake an unreasonable investigation. It is unreasonable and would take excessive time and cost for Defendants to gather information as requested. Defendants further object to this Interrogatory to the extent it seeks information that is equally available to Plaintiff as it is to Defendants. *Subject to these objections, and without waiver thereof, with the exception of Invoice # 1371, the invoices referenced in Paragraph 137 of Plaintiff’s Third Amended Complaint were provided with support for the charges and services reflected in the invoices attached. Invoice No. 1371 is an invoice for the Incentive Fee due and owing by Sage to RDC for the period of*

. . .



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1 *August 20, 2018 through September 2, 2018. This invoice obviously would not*  
 2 *reflect service or work performed by anyone for anyone.*

3 *Likewise, each of the invoices detailed in Paragraph 178 of Plaintiff's Third*  
 4 *Amended Complaint were provided with all support for the charges reflected in the*  
 5 *invoices attached. Indeed, Plaintiff's allegations regarding these invoices are set forth*  
 6 *in such detail as to demonstrate that Plaintiff is well aware of not only the content of*  
 7 *these invoices, but also what the invoices contain to support Plaintiffs claim that the*  
 8 *invoices seek payment for Fraudulent Expenses. Under the circumstances, RDC can*  
 9 *discern no good faith basis for this interrogatory. Pursuant to Fed. R. Civ. P. 33(d),*  
 10 *Defendants refer Plaintiff to the invoices and back up documentation to be produced*  
 11 *with Defendants' responses to Plaintiff's First Set of Requests for Production of*  
 12 *Document No. 17. Defendants reserve the right to supplement, clarify, revise, or correct*  
 13 *its response to this Interrogatory.*

14  
 15 **INTERROGATORY NO. 9:**

16 Describe in detail any and all alleged damages Razaghi Healthcare is seeking on its  
 17 Counterclaims against Sage (including the categories, calculations, and legal basis  
 18 therefor), and identify all facts, documents, and witness testimony supporting,  
 19 contradicting, or otherwise relating to those alleged damages and calculations.

20 **RESPONSE:**

21 A. The Incentive Fee

22 In connection with its performance of an annual evaluation of RDC, at each annual  
 23 meeting the board was required to determine the Annual Incentive Fee. Plaintiff was  
 24 required to calculate the Annual Incentive Fee utilizing the then current Code Section 4958  
 25 Report. *The Annual Incentive Fee was to equal 5.4% of Plaintiff's net revenues.*

26 *For Plaintiff's fiscal years 2017 and 2018, the budgeted Annual Incentive Fee*  
 27 *was \$2,781,000 each year. Plaintiff was obligated to pay 70% percent of the Annual*  
 28 *Incentive Fee (\$1,946,700) as invoiced and the remaining 30% (\$834,300) in a lump-sum*

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1 payment at the end of the fiscal year *following Plaintiff's board's determination that*  
 2 *RDC's performance was at least satisfactory.* Upon termination of the Contract, Plaintiff  
 3 was obligated to pay the entire unpaid amount of the Annual Incentive Fee through the  
 4 effective date of the termination. *Plaintiff failed to satisfy this obligation. As reflected on*  
 5 *RDC's Invoice No. 1371 and 1394, there remains an outstanding balance of \$74,448.08*  
 6 *representing the final FY 2018 installment payment. As reflected on RDC's Invoice*  
 7 *No. 1394, there remains an outstanding balance of \$834,299.92 representing the lump-*  
 8 *sum payment due for FY 2018. These amounts have accrued and continue to accrue*  
 9 *interest at the rate of 1.5% per month. As of March 31, 2024, Plaintiff owes RDC*  
 10 *Incentive Fees and accrued interest totaling \$2,155,159.*

11 *Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield,*  
 12 *David Erichsen, Plaintiff's board members during the relevant time periods, Christi El-*  
 13 *Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled.*  
 14 *In addition to the Contract, board meetings and other documents referred to herein,*  
 15 *RDC's damages are also reflected in the invoices RDC provided to Plaintiff.*

16 B. The Annual Retention Bonus

17 Plaintiff was required to pay RDC a retention bonus equal to 30 days or 240 of  
 18 professional time for each year that RDC continued to serve under the Contract (the  
 19 "Retention Bonus"). *Plaintiff did not pay any of the Retention Bonus to RDC during*  
 20 *fiscal year 2018 and, accordingly, there remains an outstanding balance of \$118,000 due*  
 21 *and owing to RDC. Interest has accrued and is accruing on this amount at the rate of*  
 22 *1.5% per month.*

23 *Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield,*  
 24 *David Erichsen, Plaintiff's board members during the relevant time periods, Christi El-*  
 25 *Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled. In*  
 26 *addition to the Contract, board meetings and other documents referred to herein, RDC's*  
 27 *damages are also reflected in the invoices RDC provided to Plaintiff, including but not*  
 28 *limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298,*



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1 1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361,  
 2 1370-1374, 1394, 1398 and 1410.

3 C. Personnel Costs

4 Plaintiff was obligated to reimburse RDC for the costs of key executives who report  
 5 to Plaintiff's CEO including, without limitation, the Chief Financial Officer, Medical  
 6 Director, Chief Operations Officer and Director of Nursing, as well as healthcare  
 7 consultants hired to assist these executives. Following Plaintiff's termination of the  
 8 Contract, RDC submitted invoices for these costs which Plaintiff has failed to pay.

9 1. *Invoice #1214*

10 *On or about September 29, 2015, RDC submitted its Invoice #1214, which detailed*  
 11 *all of the total fees due and owing by Plaintiff to RDC as a result of RDC's agreement to*  
 12 *perform services at a rate below fair market value to assist Plaintiff in continuing as a*  
 13 *going concern while it managed the extraordinary circumstances caused by its former*  
 14 *employees, the Navajo Area IHS investigation, subsequent litigation and related matters.*  
 15 *The total of the fees due and owing at the time of Invoice #1214 was \$7,042,713.52.*  
 16 *During Plaintiff's Special Board of Directors Meeting held November 14, 2015,*  
 17 *Plaintiff's board unanimously approved Invoice #1214.*

18 *Plaintiff has failed and/or refused to pay Invoice #1214. Interest has accrued and*  
 19 *continues to accrue on Invoice #1214 at the rate of 1.5% per month and the amount now*  
 20 *due totals approximately \$32,157,059.*

21 2. *Invoice # 1370*

22 *On or about September 11, 2018, RDC submitted its Invoice #1370, which detailed*  
 23 *charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in*  
 24 *the amount of \$31,678.32. Plaintiff has failed and/or refused to pay Invoice #1370.*  
 25 *Interest has accrued and continues to accrue on Invoice #1370 at the rate of 1.5% per*  
 26 *month and the amount now due totals approximately \$173,110.*

27 3. *Invoice #1372*

28 *On or about September 11, 2018, RDC submitted its Invoice #1370, which detailed*

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1 *charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in*  
 2 *the amount of \$129,986.76. Plaintiff has failed and/or refused to pay Invoice #1372.*  
 3 *Interest has accrued and continues to accrue on Invoice #1372 at the rate of 1.5% per*  
 4 *month and the amount now due totals approximately \$347,262.*

5 **4. Invoice #1373**

6 *On or about September 6, 2018, RDC submitted its Invoice #1370, which detailed*  
 7 *charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in*  
 8 *the amount of \$106,120.38. Plaintiff has failed and/or refused to pay Invoice #1373.*  
 9 *Interest has accrued and continues to accrue on Invoice #1373 at the rate of 1.5% per*  
 10 *month and the amount now due totals approximately \$283,502.*

11 **5. Invoice #1396**

12 *On or about August 5, 2019, RDC submitted its Invoice #1396, which detailed the*  
 13 *Personnel Costs due and owing by Plaintiff in the amount of \$330,648.50. Plaintiff has*  
 14 *failed and/or refused to pay Invoice # 1396. Interest has accrued and continues to accrue*  
 15 *on Invoice #1396 at the rate of 1.5% per month and the amount now due totals*  
 16 *approximately \$749,892.*

17 *Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield,*  
 18 *David Erichsen, Plaintiff's board members during the relevant time periods, Christi El-*  
 19 *Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled. In*  
 20 *addition to the Contract, board meetings and other documents referred to herein, RDC's*  
 21 *damages are also reflected in the invoices RDC provided to Plaintiff, including but not*  
 22 *limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298,*  
 23 *1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361,*  
 24 *1370-1374, 1394, 1398 and 1410.*

25 **D. D&O Insurance Reimbursement**

26 *Plaintiff was obligated to provide D&O insurance for RDC with adequate tail*  
 27 *coverage to protect RDC, Mr. Razaghi, and any successor CEO and Key Executives (as*  
 28 *those terms are defined in the Contract) from any claims made after the expiration or*



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1 *termination of the Contract for any actions or omissions alleged to have occurred during*  
 2 *the term of the Contract.* Plaintiff failed to provide the insurance during FY 2018 and,  
 3 consequently, RDC was forced to obtain the coverage itself. *On or about August 5, 2019,*  
 4 *RDC submitted its Invoice No. 1398, which included, among other charges, the premium*  
 5 *RDC was forced to pay due to Plaintiff's failure to provide the required insurance*  
 6 *coverage. RDC seeks the recovery of the premiums it paid along with accrued and*  
 7 *accruing interest at the rate of 1.5% per month, which as of March 31, 2024 total*  
 8 *\$33,321.00.*

9 *Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield,*  
 10 *David Erichsen, Plaintiff's board members during the relevant time periods, Christi El-*  
 11 *Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled.* In  
 12 addition to the Contract, board meetings and other documents referred to herein, RDC's  
 13 damages are also reflected in the invoices RDC provided to Plaintiff, including but not  
 14 limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298,  
 15 1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361,  
 16 1370-1374, 1394, 1398 and 1410.

17  
 18 **INTERROGATORY NO. 10:**

19 Identify whether any Defendant contends that it is entitled to any portion of the  
 20 funds in the escrow account opened by Sage at Wells Fargo Bank on June 16, 2016, as  
 21 detailed in Paragraphs 120-21 of Plaintiff's Third Amended Complaint (Doc. 192); and, if  
 22 so, identify the amount claimed and all factual and legal support for that position.

23 **RESPONSE:**

24 No Defendant other than RDC was a party to a contract with Plaintiff that provided  
 25 for the establishment of the escrow account or its uses. RDC does not contend that it is  
 26 entitled to any portion of the escrow account.

27 . . .

28 . . .

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**INTERROGATORY NO. 11:**

Identify in detail all contractual terms that You contend were in place between Razaghi Healthcare and Sage at each time during the Relevant Time Period. This includes identifying each amendment to the terms of the CEO Services Contract that You contend occurred and, for each amendment, identifying when You contend each amended provision was in effect.

**RESPONSE:**

RDC objects to this interrogatory on the ground that it is vague. RDC cannot discern what Plaintiff means by the phrase “all contractual terms that You contend were in place between Razaghi Healthcare and Sage at each time during the Relevant Time Period.” As RDC states above, the Relevant Time Period is May 2015 to August 2018. During that time period each and every term of the Navajo Health Foundation – Sage Memorial Hospital, Inc. Amendment No. 1 and Extension No. 1 to CEO Services Contract was in place until July 16, 2017 and each and every term of the Contract was in place until Plaintiff terminated the Contract.

*In light of the clarification of this interrogatory provided during the parties’ meet and confer on March 26, 2024, and Plaintiff’s counsel’s email dated March 28, 2024, Defendants supplement this response as follows:*

*For the relevant portion of Fiscal Year 2011 and for Fiscal Years 2012 and 2013, the Base Pay rate of \$175 per hour set forth in § 5(A) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. CEO Services Contract dated March 18, 2011 was in effect. After considering HealthCare Appraisers Incorporated’s Determination of the Fair Market Value of Hospital Management Services dated December 23, 2013, which indicated, among other things, that the fair market range for Mr. Razaghi’s services was \$340 per hour to \$530 per hour, the Fiscal Year 2014 Base Pay rate was adjusted to \$425 per hour and discounted to \$175 per hour.*

*On or about May 1, 2014, the Base Pay rate was adjusted to \$530 per hour, which after applying a \$175 per hour discount resulted in an increase of the Base Pay rate from*



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1 *\$175 per hour to \$355 per hour. This increase was reflected in the backup information*  
 2 *that accompanied RDC's Invoice #1180, which was submitted to Plaintiff on or about*  
 3 *June 2, 2014. On September 26, 2014, Plaintiff's board of directors approved a*  
 4 *continuing resolution pursuant to which it adopted Plaintiff's Fiscal Year 2014*  
 5 *operating budget as the Fiscal Year 2015 operating budget. In May 2015, the Base Pay*  
 6 *rate was adjusted to \$495 per hour.*

7 *In its letter dated October 2, 2015, RDC reminded Plaintiff of its request that RDC*  
 8 *carry forward a portion of each of its service invoices as discounts below fair market*  
 9 *value. RDC informed Plaintiff that it had been carrying these costs since January 2014.*  
 10 *As of September 29, 2015, the balance due on those unpaid costs totaled \$7,042,713.52*  
 11 *and, accordingly, RDC's Invoice #1214 in that amount was submitted with its letter. At*  
 12 *Plaintiff's board of directors meeting held November 14, 2015, RDC reported to*  
 13 *Plaintiff's board of directors on Invoice #1214 and the \$7.042 million carry forward cost.*  
 14 *Plaintiff's board voted unanimously to approve Invoice #1214. By this action, Plaintiff's*  
 15 *board approved any rate charged by RDC for the period of time covered by Invoice*  
 16 *#1214, provided the rate was within the highest fair market value rate for Mr. Razaghi's*  
 17 *services and the discounted rate charged to Plaintiff.*

18 *On October 7, 2015, Plaintiff's board of directors approved Plaintiff's Fiscal Year*  
 19 *2016 operating budget. In connection with this approval, Plaintiff's board received and*  
 20 *reviewed the Navajo Health Foundation – Sage Memorial Hospital FY2016 Budget*  
 21 *Review. Included in that document was an Executive Management and Consulting*  
 22 *Services Rate Sheet which, among other things, showed that for Fiscal Year 2016 that*  
 23 *RDC would charge \$530 per hour for Mr. Razaghi services which, after applying a 6.6%*  
 24 *discount, resulted in a discounted hourly rate of \$495 per hour.*

25 *On September 27, 2016, Plaintiff's board of directors approved a continuing*  
 26 *resolution pursuant to which it adopted Plaintiff's Fiscal Year 2016 operating budget as*  
 27 *Plaintiff's Fiscal Year 2017 operating budget. In connection with the adoption of this*  
 28 *continuing resolution, Plaintiff's board received and reviewed the Navajo Health*

THORPE SHWER, P.C.

*Foundation – Sage Memorial Hospital Continuing Resolution – FY2017 Budget. Included in that document was an Executive Management and Consulting Services Rate Sheet which, among other things, showed that for Fiscal Year 2017 that RDC would charge \$530 per hour for Mr. Razaghi services which, after applying a 6.6% discount, resulted in a discounted hourly rate of \$495 per hour.*

*On August 25, 2017, Plaintiff's board of directors approved a continuing resolution pursuant to which it adopted Plaintiff's Fiscal Year 2017 operating budget as Plaintiff's Fiscal Year 2018 operating budget. In connection with the adoption of this continuing resolution, Plaintiff's board received and reviewed the Navajo Health Foundation – Sage Memorial Hospital Continuing Resolution Adopting Fiscal Year 2018 Budget (Adopting fiscal year 2017 budget for fiscal year 2018). Included in that document was an Executive Management and Consulting Services Rate Sheet which, among other things, showed that for Fiscal Year 2018 that RDC would charge \$530 per hour for Mr. Razaghi services which, after applying a 6.6% discount, resulted in a discounted hourly rate of \$495 per hour.*

DATED this 15<sup>th</sup> day of April, 2024.

**THORPE SHWER, P.C.**

By /s/ André H. Merrett  
 André H. Merrett  
 Bradley D. Shwer  
 Matthew T. St. Martin  
 Attorneys Defendants Razaghi  
 Development Company, LLC, Ahmad  
 R. Razaghi and Tausif Hasan



**CERTIFICATE OF SERVICE**

I hereby certify that on this 15<sup>th</sup> day of April, 2024, the foregoing document was served via electronic mail on the following:

D. Samuel Coffman  
Bradley A. Burns  
Amanda E. Newman  
Mitchell P. Reber  
Dickinson Wright PLLC  
1850 North Central Avenue, Suite 1400  
Phoenix, Arizona 85004  
[anewman@dickinsonwright.com](mailto:anewman@dickinsonwright.com)  
[bburns@dickinsonwright.com](mailto:bburns@dickinsonwright.com)  
[scoffman@dickinsonwright.com](mailto:scoffman@dickinsonwright.com)  
[mreber@dickinsonwright.com](mailto:mreber@dickinsonwright.com)

**Attorneys for Plaintiff**

/s/ Joan Peralta

THORPE SHWER, P.C.

# **EXHIBIT 42**





3585 S. Town Center Drive  
Las Vegas, NV 89135  
Office: (702) 850-1670  
Facsimile: (702) 877-7045  
www.razaghihealthcare.com

October 2, 2015

Ms. Christi El-Meligi  
Chief Executive Officer  
Navajo Health Foundation –  
Sage Memorial Hospital  
SRS 191 & Highway 264  
Ganado, AZ 86505

Dear Ms. El-Meligi,

Since January 2014, you requested that Razaghi Healthcare (“RH”) carry forward a portion of each of its service invoices as discounts (“costs”) below fair market value to assist Sage in continuing as a going concern while it manages the extraordinary circumstances caused by its former disgruntled ex-employees, Navajo Area IHS investigation, subsequent litigation, and related matters.

Over the past 20 months, the current balance due on those unpaid Costs is \$7,042,713.52 for approximately 38,279 hours of regular, overtime, weekend, and holiday professional time. Please refer to the attached invoice no. 1214.

We appreciate the opportunity to assist the Board of Directors to advance its mission, and supporting the executive team and the operations of the hospital through the balance of these extraordinary circumstances.

Please feel free to contact us with any questions or comments.

Best Regards,

A handwritten signature in black ink that reads "Razaghi Healthcare". The signature is stylized, with the "R" and "H" being particularly prominent.

Razaghi Healthcare

Healthcare Executive Management and Consulting

SUMMERLIN, NEVADA

SCOTTSDALE, ARIZONA

NAVAJO NATION, ARIZONA



Razaghi Healthcare  
 410 S. Rampart Boulevard  
 Suite 390  
 Las Vegas, NV 89145  
 (702)726-6780

## Invoice

Date	Invoice #
09/29/2015	1214
Terms	Due Date
Due on receipt	09/29/2015

### Bill To

Navajo Health Foundation - Sage Memorial  
 Hospital  
 PO Box 457  
 Ganado, AZ 86505

### Professional Service

### Charge

• Invoice 1171 February 4, 2014 carry forward cost	46,051.06
• Invoice 1172 February 10, 2014 carry forward cost	258,863.64
Adjusted to exclude 195.58 hours of OT discounted at 100% for M. Katigbak	
• Invoice 1173 March 1, 2014 carry forward cost	20,688.00
• Invoice 1174 March 14, 2014 carry forward cost	20,144.12
• Invoice 1175 March 24, 2014 carry forward cost	38,117.63
• Invoice 1176 April 7, 2014 carry forward cost	99,523.46
• Invoice 1177 April 18, 2014 carry forward cost	21,730.56
• Invoice 1178 May 2, 2014 carry forward cost	21,344.00
• Invoice 1179 May 19, 2014 carry forward cost	127,383.35
• Invoice 1180 June 2, 2014 carry forward cost	118,211.25
• Invoice 1181 June 16, 2014 carry forward cost	101,746.75
• Invoice 1182 June 30, 2014 carry forward cost	100,859.50
• Invoice 1183 July 14, 2014 carry forward cost	212,091.25
• Invoice 1184 July 29, 2014 carry forward cost	156,292.25
• Invoice 1185 August 20, 2014 carry forward cost	145,855.00
• Invoice 1186 August 27, 2014 carry forward cost	171,189.25
• Invoice 1187 September 10, 2014 carry forward cost	176,719.00
• Invoice 1189 September 22, 2014 carry forward cost	183,228.25
• Invoice 1190 October 7, 2014 carry forward cost	139,288.30
Adjusted to exclude services October 1 - 3, 2014	
• Invoice 1191 October 22, 2014 carry forward cost	240,993.00
Adjusted to include services October 1 - 3, 2014	
• Invoice 1192 November 3, 2014 carry forward cost	244,647.50
• Invoice 1193 November 23, 2014 carry forward cost	169,146.75
• Invoice 1194 December 1, 2014 carry forward cost	306,875.00
Adjusted to exclude 749.13 hours of OT discounted at 100% for M. Katigbak	
• Invoice 1195 January 1, 2015 carry forward cost	342,788.50
• Invoice 1196 January 13, 2015 carry forward cost	162,430.60
• Invoice 1197 January 26, 2015 carry forward cost	169,597.00
• Invoice 1199 February 10, 2015 carry forward cost	206,437.50
• Invoice 1200 February 23, 2015 carry forward cost	179,075.00
• Invoice 1201 March 9, 2015 carry forward cost	189,751.05

Continue to the next page



Professional Service	Charge
• Invoice 1202 March 24, 2015 carry forward cost	216,017.20
• Invoice 1203 April 6, 2015 carry forward cost	162,581.50
• Invoice 1204 April 21, 2015 carry forward cost	158,714.50
• Invoice 1205 May 5, 2015 carry forward cost	158,796.00
• Invoice 1206 May 20, 2015 carry forward cost	187,723.25
• Invoice 1207 June 2, 2015 carry forward cost	153,710.25
• Invoice 1208 June 16, 2015 carry forward cost	170,401.50
• Invoice 1209 June 30, 2015 carry forward cost	139,750.75
• Invoice 1210 July 15, 2015 carry forward cost	151,974.25
• Invoice 1211 July 29, 2015 carry forward cost	173,730.25
• Invoice 1212 August 11, 2015 carry forward cost	186,984.25
• Invoice 1213 August 25, 2015 carry forward cost	193,844.00
• Invoice 1215 September 8, 2015 carry forward cost	169,250.75
• Invoice 1216 September 23, 2015 carry forward cost	448,166.55
<b>Total</b>	<b>\$7,042,713.52</b>

Note: Invoice 1179 - 68 hours of CEO retention was originally billed at the discounted instead of gross rate. RH has not included the \$15,980 in carry forward cost that would have resulted from billing correctly at the gross rate originally.

# **EXHIBIT 43**



**THORPE SHWER, P.C.**

André H. Merrett (No. 020889)  
 Bradley D. Shwer (No. 022696)  
 Matthew T. St. Martin (No. 034037)  
 3200 North Central Avenue, Suite 1560  
 Phoenix, Arizona 85012-2441  
 Telephone: (602) 682-6100  
 Email: [docket@thorpeshwer.com](mailto:docket@thorpeshwer.com)  
 Email: [amerrett@thorpeshwer.com](mailto:amerrett@thorpeshwer.com)  
 Email: [bshwer@thorpeshwer.com](mailto:bshwer@thorpeshwer.com)  
 Email: [switthoft@thorpeshwer.com](mailto:switthoft@thorpeshwer.com)  
 Email: [mstmartin@thorpeshwer.com](mailto:mstmartin@thorpeshwer.com)

*Attorneys Defendants Razaghi Development  
 Company, LLC, Ahmad R. Razaghi and Tausif Hasan*

**IN THE UNITED STATES DISTRICT COURT  
 FOR DISTRICT OF ARIZONA**

Navajo Health Foundation – Sage Memorial  
 Hospital, Inc. d/b/a Sage Memorial Hospital,

Plaintiff,

v.

Razaghi Development Company, LLC; Ahmad  
 R. Razaghi; Tausif Hasan; and Does 1-10,

Defendants.

Case No. 3:23-cv-08072-DJH (DMF)

**DEFENDANTS' THIRD  
 SUPPLEMENTAL RESPONSES TO  
 PLAINTIFF'S FIRST SET OF  
 INTERROGATORIES**

AND ALL RELATED CLAIMS.

Pursuant to the Court's orders filed June 4, 2024 (Doc. 374) and June 21, 2024 (Doc. 378), Defendants Razaghi Development Company, LLC ("RDC"), Ahmad R. Razaghi ("Razaghi") and Tausif Hasan ("Hasan") (collectively, "Defendants"), by and through counsel undersigned, hereby submit their Third Supplemental Responses to Plaintiff's First Set of Interrogatories (the "Interrogatories"), as follows:<sup>1</sup>

<sup>1</sup> Additions in ***bold italics***, deletions in ~~strikethrough~~.

**PRELIMINARY STATEMENT**

1           1.     These supplemental objections and responses are made solely for the  
2 purposes of and use in this litigation.

3           2.     Defendants' investigation and development of all facts and circumstances  
4 relating to this action is ongoing. These supplemental responses and objections are made  
5 without prejudice to, and are not a waiver of, Defendants' right to rely on other facts or  
6 documents at trial.

7           3.     By making the accompanying supplemental responses and objections to the  
8 Interrogatories, Defendants do not waive, and hereby expressly reserve, their right to assert  
9 any and all objections as to the admissibility of such responses into evidence in this action,  
10 or any other proceedings, on any and all grounds including, but not limited to, competency,  
11 relevancy, materiality, and privilege.

12           4.     Further, Defendants make the supplemental responses and objections herein  
13 without in any way implying that they consider the Interrogatories or responses thereto to  
14 be relevant to any party's claims or defenses and proportional to the needs of this case.

15           5.     Defendants' supplemental responses are based upon their present  
16 knowledge, information, and belief. Defendants expressly reserve the right to supplement,  
17 clarify, revise, or correct any or all of the responses and objections herein, and to assert  
18 additional objections or privileges, in one or more subsequent supplemental responses.

19           6.     Except for the facts explicitly admitted herein, no admission of any nature  
20 whatsoever is to be implied or inferred. The fact that a request herein has been answered  
21 should not be taken as an admission of, or a concession of the existence of, any facts set  
22 forth or assumed by such request. All responses must be construed as given on the basis of  
23 present recollection.

24           7.     In the event that any of Defendants' responses are ever read to the jury or to  
25 the Court, Defendants expressly require that any modifications or supplements to these  
26 responses be read as well.

27 . . .  
28



8. *Defendants served their First Supplemental Responses to Plaintiff's First Set of Interrogatories on April 15, 2024 and their Second Supplemental Responses to Plaintiff's First Set of Interrogatories on July 11, 2024. Those supplemental interrogatory responses are incorporated herein.*

### **OBJECTIONS TO DEFINITIONS AND INSTRUCTIONS**

1. Defendants object to the definitions of "Document," "Documents," "Communication," "Person," "Persons," "Relating to," "Regarding," "Concerning," "Identify," "Describe," and "Specify," to the extent they are inconsistent with the Federal Rules of Civil Procedure, or to the extent they do not comport with the ordinary meaning of those words.

2. Defendants further object to the definitions of "RDC" or "Razaghi Healthcare" to the extent they purport to impose on Defendants an obligation to produce information from any person or entity other than RDC, or to the extent they purport to impose an obligation on RDC to produce information that is not in RDC's possession, custody, or control.

### **GENERAL OBJECTIONS**

The following General Objections apply to each of the Interrogatories and shall have the same force and effect as if set forth in full in response to each individually numbered request.

1. Defendants object to each of the Interrogatories to the extent that they seek information protected from discovery or exempted from disclosure by the attorney-client privilege, the attorney-work product doctrine, or any other applicable privilege, protection, immunity, law, or rule.

2. Defendants object to each of the Interrogatories (and their accompanying Instructions) to the extent that they seek to impose burdens and obligations on Defendants that exceed those imposed by the Federal Rules of Civil Procedure or the Local Rules of Practice for the District of Arizona.

. . .



3. Defendants incorporate by reference every general objection set forth above into each specific response set forth below. A specific response may repeat a general objection for emphasis or some other reason. The failure to include any general objection in any specific response does not waive any general objection to that request. Moreover, Defendants do not waive their right to amend their responses.

### **INTERROGATORIES**

#### **INTERROGATORY NO. 1:**

Identify all Razaghi Healthcare employees, agents, representatives, subcontractors, and independent contractors, as well as all third parties hired or recruited by Razaghi Healthcare (including any attorneys, accountants, contractors, or other professionals), who provided services to or for the benefit of Sage or the Sage Board at any point during the Relevant Time Period. The identification shall, in addition to the information set forth in the definition for “Identify” above, include a description of each person’s role and title, by date, during all times that the person provided such services.

#### **RESPONSE:**

Besides the identifying information pertaining to themselves specifically, no individual Defendant has any information responsive to this Interrogatory in his possession, custody or control and, therefore, relies on the information in the possession, custody or control of Razaghi Development Company, LLC (“RDC”), if any. Nor does any individual Defendant have personal knowledge of “all Razaghi Healthcare employees, agents, representatives, subcontractors, independent contractors or third parties hired or recruited by Razaghi Healthcare.” RDC ceased operating its hospital management activities in 2018. It has not maintained any personnel files or other records upon which it might rely to provide information called for by the expansive definition of the term “Identify.” Subject to the foregoing, in addition to the identifying information set forth below, Defendants refer Plaintiff to the tables attached hereto as Exhibits A and B for information regarding RDC’s employees, agents and representatives. Defendants refer Plaintiff to the table attached hereto as Exhibit C for information regarding the contractors



and professionals. Further, Defendants refer Plaintiff to the documents identified by Bates label in Exhibits A and/or B. Additionally, Defendants refer Plaintiff to the following documents previously produced Bates labeled RDC Sage\_007794 – RDC Sage\_007966, which contain information responsive to this Interrogatory for the time period of May 2015 to August 2018. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

A. RDC Employees, Agents and Representatives

1. Ahmad Razaghi  
5902 E. Redwing Rd.  
Paradise Valley, AZ  
702-858-3300
2. David Erichsen  
5666 South Adaley Ave  
Murray, UT 84107  
801-953-5368
3. Allen Billings  
1076 Carol Ln. #74  
Lafayette, CA 94549  
415-308-0429
4. Robert Erichsen  
[ADDRESS]  
[TEL]
5. Michael Katigback  
[ADDRESS]  
[TEL]
6. Melody Roberts  
[CONTACT INFORMATION UNKNOWN]
7. Jose Perez  
[CONTACT INFORMATION UNKNOWN]
8. Caroline Mylotte  
[CONTACT INFORMATION UNKNOWN]
9. Nathania Henderson

THORPE SHWER, P.C.

THORPE SHWER, P.C.

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- [CONTACT INFORMATION UNKNOWN]
10. Netrishia Dalgai  
Highway 264, County Road 426  
Ganado, AZ 86505
11. Elena Puerner  
[CONTACT INFORMATION UNKNOWN]
12. Hailey Leeming  
[CONTACT INFORMATION UNKNOWN]
13. Amber Razaghi  
5902 E. Redwing Rd.  
Paradise Valley, AZ
14. Mark Sewald  
[CONTACT INFORMATION UNKNOWN]
15. Christi El-Meligi  
6057 Star Point Rd.  
North Las Vegas, NV 89031  
[TELEPHONE UNKNOWN]
16. Frackson Sakala  
[CONTACT INFORMATION UNKNOWN]
17. Kimberly Jones  
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18. Abigail Paul  
2652 West Kiva Ave.  
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19. John W. Hanna  
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20. Christian Astorga  
[CONTACT INFORMATION UNKNOWN]
21. Todd McGee  
47 Yadkin Rd.  
Fletcher, NC 28732



THORPE SHWER, P.C.

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- 602-571-4280
22. Guang Liu  
[ADDRESS UNKNOWN]  
480-526-1432
23. Juan Carlos Bolanos  
[CONTACT INFORMATION UNKNOWN]
24. Rey Katigback  
[CONTACT INFORMATION UNKNOWN]
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1625 W. Enfield Way  
Chandler, AZ 85286
26. Christopher West  
[CONTACT INFORMATION UNKNOWN]
27. Janna Ross  
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28. Monica Phillips  
[CONTACT INFORMATION UNKNOWN]
29. Lindsay Naas  
[CONTACT INFORMATION UNKNOWN]
30. Matthew Black  
[CONTACT INFORMATION UNKNOWN]
31. Mary Griest  
[CONTACT INFORMATION UNKNOWN]
32. Tim Stuart  
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33. Maria Ross  
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35. Justin Thorpe

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- 1 [CONTACT INFORMATION UNKNOWN]
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- 3 36. Keith Cavaness  
[CONTACT INFORMATION UNKNOWN]
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[CONTACT INFORMATION UNKNOWN]
- 6
- 7 38. Chris Curtis  
[CONTACT INFORMATION UNKNOWN]
- 8
- 9 39. Michael Luong  
[CONTACT INFORMATION UNKNOWN]
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- 11 40. Allan Scroggins  
[CONTACT INFORMATION UNKNOWN]
- 12
- 13 41. Carissa Turnbull  
[CONTACT INFORMATION UNKNOWN]
- 14
- 15 42. Megan Cauthen  
[CONTACT INFORMATION UNKNOWN]
- 16
- 17 43. Curtis Mellor  
[CONTACT INFORMATION UNKNOWN]
- 18
- 19 44. Carolyn Hughley  
[CONTACT INFORMATION UNKNOWN]
- 20
- 21 45. Jason Crawl  
[CONTACT INFORMATION UNKNOWN]
- 22
- 23 46. Carl Schrank  
[CONTACT INFORMATION UNKNOWN]
- 24
- 25 47. Vernell Bagey  
[CONTACT INFORMATION UNKNOWN]
- 26
- 27 48. Boyce Gordon  
[CONTACT INFORMATION UNKNOWN]
- 28 49. Lisa Ridges  
[CONTACT INFORMATION UNKNOWN]



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- 1 50. Ahmed Ayesh  
2 [CONTACT INFORMATION UNKNOWN]
- 3 51. Heather Betts  
4 [CONTACT INFORMATION UNKNOWN]
- 5 52. L. David Albaugh  
6 [CONTACT INFORMATION UNKNOWN]
- 7 53. Marise Andrade  
8 [CONTACT INFORMATION UNKNOWN]
- 9 54. Melanie Sherry  
10 [CONTACT INFORMATION UNKNOWN]
- 11 55. Tadd Greenfield  
12 114 Margaret Lane  
13 Libby, MT59923  
14 406-291-5954
- 15 56. Teresita Munoz  
16 [CONTACT INFORMATION UNKNOWN]
- 17 57. Taylor Fox  
18 [CONTACT INFORMATION UNKNOWN]
- 19 58. Trish Spence  
20 [CONTACT INFORMATION UNKNOWN]
- 21 59. Ira Vandever  
22 [CONTACT INFORMATION UNKNOWN]
- 23 60. Gary Bortolotti  
24 [CONTACT INFORMATION UNKNOWN]
- 25 61. Jean Paul Creusat  
26 [CONTACT INFORMATION UNKNOWN]
- 27 62. Jelena Cakarmis  
28 [CONTACT INFORMATION UNKNOWN]
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[CONTACT INFORMATION UNKNOWN]
66. Mary Arave  
[CONTACT INFORMATION UNKNOWN]
67. George Merritt  
[CONTACT INFORMATION UNKNOWN]
68. Vincent Brooks  
[CONTACT INFORMATION UNKNOWN]
69. Delphine Lee  
[CONTACT INFORMATION UNKNOWN]
70. Dennis Adams  
[CONTACT INFORMATION UNKNOWN]
71. Chinue Carr  
[CONTACT INFORMATION UNKNOWN]

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Salt Lake City, UT 84111
2. Frye Law Firm  
10400 Academy NE, Ste. 310  
Albuquerque, NM 87111
3. Warner Angle  
2555 E. Camelback Rd., #800  
Phoenix, AZ 85016
4. Jorgenson Law  
[CONTACT INFORMATION UNKNOWN]
5. Hutchison & Steffen  
10080 Alta Dr.  
Las Vegas, NV 89145
6. Rothstein Donatelli  
500 4<sup>th</sup> St. N.W., Ste. 400  
Albuquerque, NM 87102



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7. McDonald-Carano-Wilson  
100 W. Liberty St., 10<sup>th</sup> Fl  
Reno, NV 89501
8. Pintar Albiston  
6053 S. Fort Apache Rd. #120  
Las Vegas, NV 89148
9. Professional Business Advisors  
1706 S. 500 W, Ste. 200  
Bountiful, UT 84010
10. Burnham & Schumm  
1981 E. Murray-Holliday Rd, Ste. 245  
Salt Lake City, UT 84117
11. Bradshaw Smith & Co., LLP  
3851 W. Charleston  
Las Vegas, NV 89140
12. York Howell  
6405 South 3000 East, Ste. 150  
Salt Lake City, UT 84121
13. Ward Malloy, P.C.  
800 McIntyre Bldg.  
68 South Main St.  
Salt Lake City, UT 84101
14. Steptoe & Johnson  
Collier Center, 16<sup>th</sup> Floor  
201 E. Washington St.  
Phoenix, AZ 85004
15. Innovative Employee Solutions  
9665 Granit Ridge Dr. #420  
San Diego, CA 92123
16. Kunga Engineering  
[CONTACT INFORMATION UNKNOWN]
17. Associated Engineering
18. Freedman Boyd Hollander  
20 First Plaza, Ste. 700  
Albuquerque, NM 87102
19. Jacobus Consulting  
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Irvine, CA 92618
20. IMA Consulting a/k/a RevInt Solutions  
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Chadds Ford, PA 19317

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22. Winter DeLaMare  
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23. Spiess & Bell  
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Phoenix, AZ 85018
24. McCard  
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27. McGovern & Green  
200 W. Jackson Blvd., Ste. 2325  
Chicago, IL 60606
28. Osborn Maledon  
2929 N. Central Ave., 21<sup>st</sup> Floor  
Phoenix, AZ 85012
29. Subterranean Associates  
7265 S. 1950 East #20  
Salt Lake City, UT 84121
30. Rotech IT  
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San Diego, CA 92108
31. Peter Keenan  
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McMinnville, OR 97128
32. M&P Engineering  
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Gilbert, AZ 85234
33. FFKR Architects  
730 Pacific Ave.  
Salt Lake City, UT 84107
34. Lewis Brisbois  
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2 5242 S. College Dr. #200  
3 Murray, UT 84123
- 4 36. Tuggle Duggins  
5 400 Bellemeade St. #800  
6 Greensboro, NC 27401
- 7 37. Erichsen Engineering  
8 5666 S. Adaley Ave.  
9 Murray, UT 84107
- 10 38. Keeswood International  
11 P.O. Box 862  
12 Window Rock, AZ 86515
- 13 39. Concur Technologies, Inc.  
14 62157 Collections Center Dr.  
15 Chicago, IL 60693
- 16 40. Corgan  
17 P.O. Box 910253  
18 Dallas, TX 75391
- 19 41. Accounttemps  
20 P.O. Box 743295  
21 Los Angeles, CA 90074
- 22 42. Trimble  
23 P.O. Box 203558  
24 Dallas, TX 75320
- 25 43. Xtend Healthcare  
26 500 W. Main St., Ste. 14  
27 Hendersonville, TN 37075
- 28 44. Onsager, Werner & Oberg  
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50. Vista Staffing Solutions  
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51. IMEG  
623 26<sup>th</sup> Ave.  
Rock Island, IL 61201
52. Sedona Foot & Ankle  
401 S. Calvary Way, Ste. A  
Cottonwood, AZ 86326
53. Speros Design, LLC  
6698A 161<sup>st</sup> Ave. SE  
Bellevue, WA 98006
54. Merritt Hawkins  
[CONTACT INFORMATION UNKNOWN]
55. Vernon Aviation  
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Farmington, NM 87401
56. BDO  
8401 Greensboro Dr., Ste. 800  
McLean, VA 22102
57. Falling Clouds  
P.O. Box 424  
Prewitt, NM 87045

The contractual basis for the rates and amounts charged to Sage by these contractors and professionals can be found at Section 2(D) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. CEO Services Contract dated March 18, 2011, Section 2(C) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. Amendment No. 1 and Extension No. 1 to CEO Services Contract dated May 17, 2013 and Section 2(C) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. Amendment No. 2 to CEO Services Contract dated June 16, 2017.

**INTERROGATORY NO. 2:**

For each person identified in response to Interrogatory No. 1, identify all services



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provided by that person to or for the benefit of Sage, all amounts charged to Sage for those services, all rates charged to Sage for those services (including the time periods for each, if different rates were charged at different times), and the contractual or other basis for the amounts charged.

**RESPONSE:**

Besides the information pertaining to themselves specifically, no individual Defendant has any information responsive to this Interrogatory in his possession, custody or control and, therefore, relies on the information in the possession, custody or control of RDC, if any. RDC ceased operating its hospital management activities in 2018. It has not maintained any personnel files or other records upon which it might rely to provide information called for by the expansive definition of the term “Identify.” Subject to the foregoing, in addition to the identifying information set forth below, Defendants refer Plaintiff to the table attached hereto as Exhibit A for the information available to Defendants to respond to this interrogatory with respect to invoices submitted to Sage for services rendered by prior to December 1, 2014, and a description of the services provided during the Relevant Time Period. Defendants refer Plaintiff to the table attached hereto as Exhibit B for information available to Defendants regarding its employees’, agents’ and representatives’ titles, roles, rates and amounts charged to Sage on RDC’s invoices after December 1, 2014. Defendants refer Plaintiffs to the table attached hereto as Exhibit C for information available to Defendants to respond to this interrogatory with respect to invoices submitted to Plaintiff for services rendered by Contractors and Professionals during the Relevant Time Period. Additionally, Defendants refer Plaintiff to the following documents previously produced Bates labeled RDC Sage\_007794 – RDC Sage\_007966, which contain information responsive to this Interrogatory No. 2 for the time period of May 2015 to August 2018. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

The contractual basis for the rates and amounts charged to Sage by these contractors and professionals can be found at Section 2(D) of the Navajo Health Foundation – Sage



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Memorial Hospital, Inc. CEO Services Contract dated March 18, 2011, Section 2(C) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. Amendment No. 1 and Extension No. 1 to CEO Services Contract dated May 17, 2013 and Section 2(C) of the Navajo Health Foundation – Sage Memorial Hospital, Inc. Amendment No. 2 to CEO Services Contract dated June 16, 2017.

**INTERROGATORY NO. 3:**

Describe in detail the factual and legal support for each and every affirmative defense to Sage’s claims that You asserted in Your First Amended Answer to Plaintiff’s Third Amended Complaint (Doc. 298). If any such affirmative defense, or the factual or legal support for any such affirmative defense, is not asserted equally for each Defendant, please explain in detail any such differences of position.

**RESPONSE:**

Subject to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants respond to Interrogatory No. 3 as follows with respect to Defendants’ Answer to Plaintiff’s Fourth Amended Complaint (Doc. 345), which is the current operative Answer:

Statute of Limitations. Defendants have asserted that Plaintiff’s claims are barred, in whole or in part, by applicable statutes of limitations. Plaintiff’s RICO claims are subject to a four-year statute of limitations. *Agency Holding Corp. v. Malley-Duff & Assocs., Inc.*, 483 U.S. 143, 156 (1987). The limitations period begins to run on the date the plaintiff knew or should have known the elements of a civil RICO cause of action existed. Plaintiff asserted its RICO claims in the original Complaint filed February 22, 2019. To the extent Plaintiff proves the elements of its RICO claims, Defendants may be able to show that Plaintiff was aware or should have been aware that the elements of such claims existed prior to February 22, 2015, and thus the filing of the RICO claims falls outside the permissible limitations period for such claims.

Plaintiff’s claims for fraud and constructive fraud are subject to a three-year statute



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of limitations pursuant to A.R.S. § 12-543(3). Plaintiff's common law fraud and constructive fraud claims, as asserted in the Complaint were predicated on the alleged false representation made on August 27, 2018 in relation to Defendants' submittal of invoice #1369. Plaintiff's common law fraud and constructive fraud claims were expanded in the First Amended Complaint filed on June 1, 2021 to include alleged false representations and omissions in addition to that alleged as having been made on August 27, 2018 in relation to the submittal of invoice #1369. To the extent Plaintiff's common law fraud and constructive fraud claims are based on alleged false representations and omissions occurring prior to June 1, 2018 and not alleged in the original Complaint, such claims are time-barred.

Plaintiff's claim for civil conspiracy and aiding and abetting is governed by the statute of limitations for the underlying tort action – fraud. *See YF Trust v. JP Morgan Chase Bank, N.A.*, 2008 U.S. Dist. LEXIS 102350, at \*7 (D. Ariz. 2008). Plaintiff's claim for civil conspiracy and aiding and abetting is time-barred to the same extent, and for the same reasons outlined with respect to Plaintiff's claims for common law fraud and constructive fraud.

Plaintiff's claims for breach of fiduciary duty are governed by a two-year statute of limitations pursuant to A.R.S. § 12-542. Plaintiff first pled these claims in the First Amended Complaint filed on June 1, 2021. To the extent Plaintiff's breach-of-fiduciary-duty claims are based on acts and omissions occurring prior to June 1, 2019 and facts not alleged in the original Complaint, such claims are time-barred.

To the extent Plaintiff's claim for breach of the covenant of good faith and fair dealing relies on the allegation that RDC "tortuously contravened the intention and spirit of the [Contract] by failing to obtain the approval of the Sage Board to increase Razaghi's billing rate from \$175 per hour to a net rate of \$495 per hour," such claim is governed by a two-year statute of limitations pursuant to A.R.S. § 12-542. Plaintiff's claim for tortious breach of the covenant of good faith and fair dealing based on this theory was first asserted in the First Amended Complaint filed on June 1, 2021. To the extent Plaintiff's claim is



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1 based on acts and omissions occurring prior to June 1, 2019 and not alleged in the original  
 2 Complaint, such claim is time-barred.

3 Plaintiff's unjust enrichment claim is governed by a three-year statute of limitations  
 4 pursuant to A.R.S. § 12-543(1). Plaintiff's first asserted their unjust enrichment claim in  
 5 the First Amended Complaint filed June 1, 2021. To the extent Plaintiff's claim is based  
 6 on acts and omissions occurring prior to June 1, 2018 and not alleged in the original  
 7 Complaint, such claim is time-barred.

8 Waiver, Laches, and/or Estoppel. Defendants have asserted that Plaintiff's claims  
 9 are barred, in whole or in part, by the doctrines of waiver, laches, and/or estoppel. Waiver  
 10 is the intentional relinquishment of a known right with knowledge of its existence and the  
 11 intent to relinquish it. *Arizona v. Tohono O'Odham Nation*, 944 F.Supp.2d 748, 757 (D.  
 12 Ariz. 2013) (quoting *United States v. King Features Entm't, Inc.*, 843 F.2d 394, 399 (9th  
 13 Cir. 1988)).

14 At all relevant times Plaintiff had full knowledge of the hourly rate for Mr. Razaghi.  
 15 In fact, the Sage board reviewed and approved Mr. Razaghi's rates from 2011-2018. By  
 16 each action described herein, the Sage board intended to relinquish its right to challenge or  
 17 otherwise address concerns it had regarding Mr. Razaghi's rate.

18 For the relevant portion of Fiscal Year 2011 and for Fiscal Years 2012 and 2013,  
 19 the Base Pay rate of \$175 per hour set forth in § 5(A) of the Navajo Health Foundation –  
 20 Sage Memorial Hospital, Inc. CEO Services Contract dated March 18, 2011 was in effect.  
 21 After considering HealthCare Appraisers Incorporated's Determination of the Fair Market  
 22 Value of Hospital Management Services dated December 23, 2013, which indicated,  
 23 among other things, that the fair market range for Mr. Razaghi's services was \$340 per  
 24 hour to \$530 per hour, the Fiscal Year 2014 Base Pay rate was adjusted to \$425 per hour  
 25 and discounted to \$175 per hour.

26 On or about May 1, 2014, the Base Pay rate was adjusted to \$530 per hour, which  
 27 after applying a \$175 per hour discount resulted in an increase of the Base Pay rate from  
 28 \$175 per hour to \$355 per hour. This increase was reflected in the backup information that



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1 accompanied RDC's Invoice #1180, which was submitted to Plaintiff on or about June 2,  
2 2014. On September 26, 2014, Plaintiff's board of directors approved a continuing  
3 resolution pursuant to which it adopted Plaintiff's Fiscal Year 2014 operating budget as  
4 the Fiscal Year 2015 operating budget. In May 2015, the Base Pay rate was adjusted to  
5 \$495 per hour.

6 In its letter dated October 2, 2015, RDC reminded Plaintiff of its request that RDC  
7 carry forward a portion of each of its service invoices as discounts below fair market value.  
8 RDC informed Plaintiff that it had been carrying these costs since January 2014. As of  
9 September 29, 2015, the balance due on those unpaid costs totaled \$7,042,713.52 and,  
10 accordingly, RDC's Invoice #1214 in that amount was submitted with its letter. At  
11 Plaintiff's board of directors meeting held November 14, 2015, RDC reported to Plaintiff's  
12 board of directors on Invoice #1214 and the \$7.042 million carry forward cost. Plaintiff's  
13 board voted unanimously to approve Invoice #1214. By this action, Plaintiff's board  
14 approved any rate charged by RDC for the period of time covered by Invoice #1214,  
15 provided the rate was within the highest fair market value rate for Mr. Razaghi's services  
16 and the discounted rate charged to Plaintiff.

17 On October 7, 2015, Plaintiff's board of directors approved Plaintiff's Fiscal Year  
18 2016 operating budget. In connection with this approval, Plaintiff's board received and  
19 reviewed the Navajo Health Foundation – Sage Memorial Hospital FY2016 Budget  
20 Review. Included in that document was an Executive Management and Consulting  
21 Services Rate Sheet which, among other things, showed that for Fiscal Year 2016 that RDC  
22 would charge \$530 per hour for Mr. Razaghi services which, after applying a 6.6%  
23 discount, resulted in a discounted hourly rate of \$495 per hour.

24 On September 27, 2016, Plaintiff's board of directors approved a continuing  
25 resolution pursuant to which it adopted Plaintiff's Fiscal Year 2016 operating budget as  
26 Plaintiff's Fiscal Year 2017 operating budget. In connection with the adoption of this  
27 continuing resolution, Plaintiff's board received and reviewed the Navajo Health  
28 Foundation – Sage Memorial Hospital Continuing Resolution – FY2017 Budget. Included



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1 in that document was an Executive Management and Consulting Services Rate Sheet  
 2 which, among other things, showed that for Fiscal Year 2017 that RDC would charge \$530  
 3 per hour for Mr. Razaghi services which, after applying a 6.6% discount, resulted in a  
 4 discounted hourly rate of \$495 per hour.

5 On August 25, 2017, Plaintiff's board of directors approved a continuing resolution  
 6 pursuant to which it adopted Plaintiff's Fiscal Year 2017 operating budget as Plaintiff's  
 7 Fiscal Year 2018 operating budget. In connection with the adoption of this continuing  
 8 resolution, Plaintiff's board received and reviewed the Navajo Health Foundation – Sage  
 9 Memorial Hospital Continuing Resolution Adopting Fiscal Year 2018 Budget (Adopting  
 10 fiscal year 2017 budget for fiscal year 2018). Included in that document was an Executive  
 11 Management and Consulting Services Rate Sheet which, among other things, showed that  
 12 for Fiscal Year 2018 that RDC would charge \$530 per hour for Mr. Razaghi services which,  
 13 after applying a 6.6% discount, resulted in a discounted hourly rate of \$495 per hour.

14 Laches "is an equitable defense that prevents a plaintiff, who with full knowledge  
 15 of the facts, acquiesces in a transaction and sleeps upon his rights." *Danjaq LLC v. Sony*  
 16 *Corp.*, 263 F.3d 942, 950-51 (9th Cir. 2001) (internal quotation marks and citation omitted).

17 As set forth above, Plaintiff had full knowledge of the facts regarding Mr. Razaghi's  
 18 Base Pay rate from 2011-2018 and the approval of such rates. By each action taken, as  
 19 described above, the Sage board acquiesced as to Mr. Razaghi's rate. Plaintiff had at least  
 20 five years to challenge Mr. Razaghi's hourly rate (which the Sage board approved), but it  
 21 did not. Rather, Plaintiff slept on its rights to claim that the charged rates were somehow  
 22 improper, barring Plaintiff's claims.

23 Estoppel, is proved by establishing four elements: (1) the party to be estopped must  
 24 know the facts; (2) the party to be estopped must intend that its conduct shall be acted on  
 25 or must so act that the party asserting the estoppel has a right to believe it is so intended;  
 26 (3) the party asserting the estoppel must be ignorant of the true facts; and (4) the party  
 27 asserting the estoppel must rely on the former's conduct to its injury. *Central Ariz. Water*  
 28 *Conservation Dist. v. United States*, 32 F.Supp.2d 1117, (D. Ariz. 1998) (quoting *United*



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1 *States v. Garan*, 12 F.3d 858, 860 (9th Cir. 1993).

2 As set forth above, Plaintiff knew all pertinent facts regarding Mr. Razaghi's Base  
3 Pay rate. By approving Mr. Razaghi's rate each year as described above, the Sage board  
4 intended for that rate to be applicable to Mr. Razaghi's work for Plaintiff. Further,  
5 Mr. Razaghi and RDC had a right to believe that the Sage board intended to approve and  
6 honor Mr. Razaghi's rate through the Sage Board's actions as described above.  
7 Mr. Razaghi and RDC justifiably relied on the Sage Board's conduct only to now face  
8 Plaintiff's claims that Mr. Razaghi's hourly rate was charged to Plaintiff improperly.

9 Collateral Estoppel and/or Judicial Estoppel. Defendants have asserted that  
10 Plaintiff's claims are barred, in whole or in part, by the doctrines of collateral estoppel  
11 and/or judicial estoppel. Defendants intend to withdraw the asserted defense of collateral  
12 estoppel. Judicial estoppel "prevents a party from prevailing in one phase of a case on an  
13 argument then relying on a contradictory argument to prevail in another phase." *Fisher v.*  
14 *Aetna Life Ins. Co.*, 2009 U.S. Dist. LEXIS 147484, \*8 (quoting *Zedner v. United States*,  
15 547 U.S. 489, 504 (2006)).

16 Due to the nature of the affirmative defense of judicial estoppel, Defendants do not,  
17 and cannot, currently know of factual support for that defense. However, to the extent that  
18 Plaintiff prevails in a phase of this case on an argument and then relies on a contradictory  
19 argument to prevail in another phase of this, Plaintiff is judicially estopped from doing so.

20 Economic Loss Doctrine. Defendants have asserted that Plaintiff's tort claims are  
21 barred by the economic loss doctrine. Tort claims arising out of breach-of-contract actions  
22 are barred by the Economic Loss Doctrine, which limits contracting parties to contractual  
23 remedies for the recovery of economic losses unaccompanied by physical injuries to  
24 persons or other property. *Barrio v. Gisa Invs. LLC*, 2020 U.S. Dist. LEXIS 191584, at  
25 \*3-4; citing *Flagstaff Affordable Hous. Ltd. P'ship v. Design Alliance, Inc.*, 223 Ariz. 320,  
26 223 P.3d 664 (2010). Plaintiff's claims for fraud and constructive fraud arise from the  
27 parties' contractual relationship. The Contract provides provisions related to allocating  
28 losses and remedies. Plaintiff alleges only economic losses and no physical injuries to



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persons or other property. Thus, Plaintiff's fraud and constructive fraud claims are barred by the economic loss rule.

Recoupment/Set-Off/Offset. Defendants have asserted that, to the extent that Plaintiff is entitled to damages or penalties, Defendants are entitled to a recoupment/set-off/offset for any overpayments of consideration by Defendants previously provided to Plaintiff or underpayment of consideration by Plaintiff owed to Defendants. Recoupment is an equitable doctrine wherein the claim of a defendant can be used to reduce or to eliminate a judgment. *W.J. Kroeger Co. v. Travelers Indem. Co.*, 112 Ariz. 285, 287-88, 541 P.2d 385, 387-88 (1975). The right of offset, or setoff, allows parties owing each other money to apply their mutual debts against each other, thereby avoiding "the absurdity of making A pay B when B owes A." *Citizens Bank v. Strumpf*, 516 U.S. 16, 18 (1995) (quoting *Studley v. Boylston Nat'l Bank*, 229 U.S. 523, 528 (1913)).

Indemnification. Defendants have asserted that Defendants are entitled to indemnification for damages, if any, and any and all costs and fees incurred by Defendants in defense of this lawsuit pursuant to Section 12(H) of the Contract.

Failure to Mitigate Damages. Defendants intend to withdraw the asserted affirmative defense of failure to mitigate damages.

Discovery into the facts supporting the above-referenced affirmative defenses is ongoing. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

#### **INTERROGATORY NO. 4:**

Identify and describe in detail each of the "contractual provisions" You claim Sage breached, as alleged in Paragraphs 105 and 109 of Razaghi Healthcare's Counterclaims and Second Amended Third Party Claims (Doc. 298), including: (1) the specific provision You contend was breached and (2) every fact supporting Your contention that it was breached.

#### **RESPONSE:**



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1 Subject to the Preliminary Statement, Objections to the Definitions and Instructions,  
 2 and General Objections listed above, Defendants respond to Interrogatory No. 4 as follows:  
 3 Paragraph 105 of RDC's Counterclaims and Second Amended Third-Party Claims  
 4 (Doc. 217) refers to Plaintiff "failing to allow RDC to perform its management functions  
 5 under the contract," "interfering with the reassignment of El-Meligi and Dalgai from Sage  
 6 Memorial Hospital to RDC," and "failing to pay RDC the performance fee approved by  
 7 the Board of Directors on or about December 15, 2017."

8 Section 2(A) of the Contract provides that the Board shall retain authority placed in  
 9 it by law and its bylaws except to the extent such authority has been delegated to RDC.  
 10 Section 2(C) of the Contract delegates to RDC "the right and commensurate authority and  
 11 responsibility, express or implied, to oversee the supervision and effective management of  
 12 the Corporation." Section 2(C)(1) further provides that RDC "agrees to perform the duties  
 13 and responsibilities of the position of Chief Executive Officer set forth in the Sage  
 14 Memorial Hospital Position Description for the position of Chief Executive Officer."  
 15 Section 2(C)(2) expressly states that RDC "shall be responsible for overseeing the  
 16 recruitment, hiring, promotion, disciplining, and firing of (i) Corporation key executives  
 17 who report to the CEO, including without limitation the Chief Financial Officer, the  
 18 Medical Director, the Chief Operations Officer, and the Director of Nursing ("Key  
 19 Executives")...." Netrishia Dalgai's position as Chief Operations Officer fell squarely  
 20 within the definition of a Key Executive. Christi El-Meligi's position as Co-CEO also fell  
 21 within the definition of a Key Executive as the job description expressly provided that the  
 22 Co-CEO would be supervised by the Chief Executive Officer. Thus, Plaintiff breached the  
 23 above-referenced provisions of the Contract when it obstructed RDC's ability to perform  
 24 the above-listed management functions under the contract and by interfering with the  
 25 reassignment of El-Meligi and Dalgai from Sage Memorial Hospital to RDC.

26 Paragraph 109 of RDC's Counterclaims and Second Amended Third-Party Claims  
 27 (Doc. 217) refers to Plaintiff's failure to pay RDC the entire compensation outlined in the  
 28 Contract up to the date of termination, including but not limited to Incentive Fees, Annual



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Retention Bonuses, Management Consulting Services, Executive Leadership Services, employee reimbursements, and reimbursement for D&O Insurance. Section 5 of the Contract lists various categories of compensation to which RDC was entitled in exchange for its services. Among other things, Section 5(A) provides for base pay for professional services rendered by Ahmad R. Razaghi, Section 5(B) provides for an Annual Incentive Fee, Section 5(C) provides for an Annual Retention Bonus, Section 5(D) provides for the Termination Payment, Section 5(E) provides for a Performance Fee, and Section 5(F) acknowledges Plaintiff's agreement to provide RDC with D&O Insurance. Section 2(C)(2) of the Contract acknowledges Plaintiff's agreement to pay RDC the costs of services of RDC personnel. Plaintiff breached the above-listed provisions of the Contract as further set forth in Defendants response to Interrogatory No. 9. Defendants reserve the right to supplement, clarify, revise, or correct its response to this Interrogatory.

**INTERROGATORY NO. 5:**

Identify and describe in detail each "unauthorized communication" that, in Paragraphs 41, 124, 142, and 149 of Razaghi Healthcare's Counterclaims and Second Amended Third-Party Claims (Doc. 298), You allege occurred, including: (1) the date of each such communication, (2) all persons involved in each such communication, (3) the substance of each such communication, and (4) all facts supporting your contention that each such communication was "unauthorized."

**RESPONSE:**

Subject to the Preliminary Statement, Objections to the Definitions and Instructions, and General Objections listed above, Defendants respond to Interrogatory No. 5 as follows: Upon information and belief, in July 2018, Ms. El-Meligi and Ms. Dalgai communicated with certain members of the Sage Board, including but not limited to Ms. Kelewood and Ms. Terry, to protest their reassignment from Sage Memorial Hospital to Razaghi Healthcare's Scottsdale, Arizona offices and devise a plan for the Board to intervene to prevent the reassignment or otherwise interfere with RDC personnel matters. Upon further



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1 information and belief, Ms. El-Meligi and Ms. Dalgai communicated with certain members  
 2 of the Sage Board to plan points of discussion for meetings of the Sage Board to question  
 3 and interfere with RDC's authority over personnel matters and RDC's management of Sage  
 4 Memorial Hospital. Upon further information and belief, certain members of the Sage  
 5 Board forwarded email communications between the Board and RDC regarding RDC  
 6 personnel matters to Ms. El-Meligi and Ms. Dalgai.

7 Specifically, in April 2018, Ms. El-Meligi and Ms. Dalgai met with Stenson  
 8 Wauneka. During that meeting, Mr. Wauneka called Mr. Razaghi on speakerphone while  
 9 Ms. El-Meligi and Ms. Dalgai were in the room. Ms. El-Meligi testified that the discussion  
 10 was about "the CEO, the contract, and [Ms. El-Meligi's position], and Stenson was voicing  
 11 his disapproval." On or about June 14, 2018, Ms. El-Meligi met with Mr. Wauneka again  
 12 to question the CEO contract and costs billed to Sage for work associated with Sage's  
 13 directive to RDC to move forward with the development and expansion of Sage's services  
 14 and service area by working with other healthcare organizations to assist them to become  
 15 638 organizations. Between June 2018 and August 2018, Ms. El-Meligi had "many, many"  
 16 conversations with Ms. Kelewood, Ms. Terry, and Mr. Simpson. Those conversations  
 17 included such topics as: Mr. Razaghi's lack of "willingness to move forward with the  
 18 development and the execution of the construction of the new healthcare facility;"  
 19 Mr. Razaghi's reassignment of Ms. El-Meligi as Sage CEO; and Mr. Razaghi re-hiring  
 20 Mr. Hasan after Ms. El-Meligi fired Ms. Hasan. Between June 2018 and August 2018,  
 21 Ms. El-Meligi, Ms. Kelewood, Ms. Terry, and/or Mr. Simpson continued to communicate  
 22 with the apparent purpose of retaliating against RDC for Ms. El-Meligi's reassignment by  
 23 interfering with RDC's performance under the Contract and tarnishing RDC's reputation.

24 Sage board members' communications with Ms. El-Meligi and Ms. Dalgai directly  
 25 undercut and interfered with Razaghi's rights and authority under the Contract. Section  
 26 §2(C)(1) of the Contract provides that "Ahmad R. Razaghi shall perform the duties and  
 27 responsibilities of the position of the Chief Executive Officer set forth in Exhibit B of the  
 28 Contract, until RH identifies a successor CEO, and any such successor CEO will be



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1 evaluated by RH” and “Corporation shall not solicit or hire any such successor CEO to  
 2 work directly for Corporation as an employee or an independent contractor during the term  
 3 of the Contract.” Further, §2(C)(2) of the Contract expressly states that Razaghi Healthcare  
 4 had the right to (a) oversee the recruitment, hiring, promotion, disciplining, and firing of  
 5 RH management consultants, (b) place and replace RH personnel at Sage, and (c) supervise  
 6 and manage any member of the staff of Corporation, including physicians, subject to the  
 7 terms of the Contract. The communications that the Sage board members had with Ms. El-  
 8 Meligi and Ms. Dalgai, interfered with Razaghi Healthcare personnel matters and other  
 9 contractual rights of Razaghi Healthcare and were therefore unauthorized.

10 Discovery is ongoing. Defendants reserve the right to supplement, clarify, revise,  
 11 or correct its response to this Interrogatory.

12  
 13 **INTERROGATORY NO. 6:**

14 Describe in detail all factual and legal basis for the wiring of the \$10.8 million from  
 15 Sage to Razaghi Healthcare on or about August 27, 2018, including without limitation all  
 16 facts and calculations supporting Your contention that Razaghi Healthcare was entitled to  
 17 those funds.

18 **RESPONSE<sup>2</sup>:**

19 Subject to the Preliminary Statement, Objections to the Definitions and Instructions,  
 20 and General Objections listed above, Defendants respond to Interrogatory No. 6 as follows:  
 21 Section 4(C) of the Contract provides:

22 . . .  
 23 In the event this Contract expires, or RH terminates this contract for cause, or  
 24 the Corporation elects to terminate this Contract at any time prior to  
 25 termination of this Contract for any reason other than those listed as “cause”  
 26 in Section 4.A., the Corporation shall pay to RH (a) sum equal to the  
 27 compensation described in this Contract up to the date of termination plus (b)  
 28 the Termination Payment . . .

27 <sup>2</sup> Defendants supplemented their response to this interrogatory on April 15, 2024.  
 28 Defendants believe that supplemental response provides both the calculation underlying  
 and factual bases for the calculations underlying the \$10.8 million wired to RDC.



1 Section 5(D)(2) of the Contract provides:

2 In the event that this Contract expires, or RH terminates this Contract for cause,  
3 or the Corporation elects to terminate this Contract at any time prior to  
4 expiration of this Contract for any reason other than those listed as “cause” in  
5 Section 4.A., the Corporation shall, in addition to any other amounts due under  
6 this Contract, pay RH a Termination Payment in an amount equal to the  
7 average of the amount paid to RH by the Corporation each year during the  
8 most recent four years of service, including the year of expiration or  
9 termination, which shall be prorated through the actual date of such expiration  
10 of termination.

11 On August 31, 2018, Plaintiff’s board of directors adopted a resolution pursuant to  
12 which Plaintiff terminated the Contract effective immediately. The termination purportedly  
13 resulted from the board’s learning on August 30, 2018, that RDC paid itself the  
14 Termination Payment on August 27, 2018. RDC’s receipt of the Termination Payment on  
15 August 27, 2018, rather than on September 1, 2018, 30 days after RDC’s August 2, 2018  
16 notice of Plaintiff’s breaches of the Contract, may have constituted a non-criminal material  
17 breach of the Contract. However, Plaintiff terminated the Contract without providing RDC  
18 with written notice of this breach and without giving RDC 30 days to cure any such breach.  
19 Consequently, Plaintiff terminated the Contract under circumstances entitling RDC to the  
20 Termination Payment.

21 The Termination Payment was calculated as an amount equal to the average of the  
22 amounts Plaintiff paid to RDC during the then most recent four years of service. As  
23 reflected on RDC’s Invoice # 1369, RDC calculated the Termination Payment as follows:

- 24 a. RDC determined that the applicable four-year period was September 1, 2014  
25 to August 27, 2018; and
- 26 b. RDC calculated the average of the amounts Plaintiff paid to it during this  
27 time period (\$15,937,168.45) and applied a Professional Services Discount  
28 of \$5,082,034.30, which produced a Termination Payment in the amount of  
\$10,855,134.15.

*As demonstrated on the spreadsheet that accompanied Invoice #1369, RDC determined the total amount of its invoices using the information included in the columns labeled “Date invoice,” “Inv #,” and “Total Costs” to calculate the total amount*



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1 *billed by RDC to Sage during the four-year period between September 10, 2014 and*  
 2 *August 27, 2018 (\$15,937,168.45). RDC then calculated the difference between the*  
 3 *“Total Costs” and the Costs Paid,” which produced the amounts reflected in the “Costs*  
 4 *not paid” column. These amounts reflect RDC’s carried forward charges for services*  
 5 *provided below fair market value (the “Professional Discount”). Subtracting the four-*  
 6 *year average of the “Costs Paid” from the four-year average of the “Costs Incurred”*  
 7 *produced the “Costs not paid” (Professional Services Discount) of \$5,082,034.30*  
 8 *reflected in RDC’s Invoice #1369.*

9  
 10 **INTERROGATORY NO. 7:**

11 Describe in detail all factual and legal basis for Your contention that Razaghi  
 12 Healthcare was owed a Termination Payment under Paragraph D of the CEO Services  
 13 Contract, as amended.

14 **RESPONSE:**

15 In addition to the Preliminary Statement, Objections to the Definitions and  
 16 Instructions, and General Objections listed above, Defendants object to Interrogatory 8  
 17 because Defendants do not contend that Razaghi Healthcare was owed a Termination  
 18 Payment under “Paragraph D” of the CEO Services Contract, as amended. Subject to the  
 19 foregoing, *see* Defendants’ Response to Interrogatory 6.

20  
 21 **INTERROGATORY NO. 8:**

22 Identify and describe the services or other work performed by or on behalf of any  
 23 Defendant to support each of the invoices detailed in Paragraphs 137 and 178 of Plaintiff’s  
 24 Third Amended Complaint (Doc. 192).

25 **RESPONSE<sup>3</sup>:**

26 <sup>3</sup> Defendants supplemented their response to this interrogatory on April 15, 2024.  
 27 Defendants believe that this supplemental response meets the substance of the  
 28 interrogatory. However, Defendants further supplement their response to this interrogatory  
 in red italics above.



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1 In addition to the Preliminary Statement, Objections to the Definitions and  
 2 Instructions, and General Objections listed above, Invoice No. 1371 is an invoice for the  
 3 Incentive Fee due and owing by Sage to RDC for the period of August 20, 2018 through  
 4 September 2, 2018. This invoice obviously would not reflect service or work performed by  
 5 anyone for anyone.

6 Regarding the Invoices 1370, 1372-34, 1382-84 detailed in Paragraph 137,  
 7 Defendants refer Plaintiff to their responses to Interrogatories 1 and 2. Likewise, with  
 8 respect to Invoices 1261-71, 1274-75, 1278-79, 1303, 1336, 1345 and 1354 detailed in  
 9 Paragraph 178, Defendants refer Plaintiff to their responses to Interrogatories 1 and 2.  
 10 Indeed, Plaintiff's allegations regarding these invoices are set forth in such detail as to  
 11 demonstrate that Plaintiff is well aware of not only the content of these invoices, but also  
 12 what the invoices contain to support Plaintiffs claim that the invoices seek payment for  
 13 Fraudulent Expenses. Under the circumstances, RDC can discern no good faith basis for  
 14 this interrogatory.

15  
 16 **INTERROGATORY NO. 9:**

17 Describe in detail any and all alleged damages Razaghi Healthcare is seeking on its  
 18 Counterclaims against Sage (including the categories, calculations, and legal basis  
 19 therefor), and identify all facts, documents, and witness testimony supporting,  
 20 contradicting, or otherwise relating to those alleged damages and calculations.

21 **RESPONSE<sup>4</sup>:**

22 A. The Incentive Fee

23 In connection with its performance of an annual evaluation of RDC, at each annual  
 24 meeting the board was required to determine the Annual Incentive Fee. Plaintiff was  
 25

26  
 27 <sup>4</sup> Defendants supplemented their response to this interrogatory on April 15, 2024.  
 28 Defendants believe that this supplemental response meets the substance of the  
 interrogatory. However, Defendants further supplement their response to this interrogatory  
 in red italics.



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1 required to calculate the Annual Incentive Fee utilizing the then current Code Section 4958  
2 Report. The Annual Incentive Fee was to equal 5.4% of Plaintiff's net revenues.

3 For Plaintiff's fiscal years 2017 and 2018, the budgeted Annual Incentive Fee was  
4 \$2,781,000 each year. Plaintiff was obligated to pay 70% percent of the Annual Incentive  
5 Fee (\$1,946,700) as invoiced and the remaining 30% (\$834,300) in a lump-sum payment  
6 at the end of the fiscal year following Plaintiff's board's determination that RDC's  
7 performance was at least satisfactory. Upon termination of the Contract, Plaintiff was  
8 obligated to pay the entire unpaid amount of the Annual Incentive Fee through the effective  
9 date of the termination. Plaintiff failed to satisfy this obligation. As reflected on RDC's  
10 Invoice Nos. 1371 and 1394, there remains an outstanding balance of \$74,448.08  
11 representing the final FY 2018 installment payment. As reflected on RDC's Invoice  
12 No. 1394, there remains an outstanding balance of \$834,299.92 representing the lump-sum  
13 payment due for FY 2018. These amounts have accrued and continue to accrue interest at  
14 the rate of 1.5% per month. As of March 31, 2024, Plaintiff owes RDC Incentive Fees and  
15 accrued interest totaling \$2,155,159.

16 Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield,  
17 David Erichsen, Guang Liu, Plaintiff's board members during the relevant time periods,  
18 Christi El-Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is  
19 entitled. In addition to the Contract, board meetings and other documents referred to herein,  
20 RDC's damages are also reflected in the invoices RDC provided to Plaintiff.

21 B. The Annual Retention Bonus

22 Plaintiff was required to pay RDC a retention bonus equal to 30 days or 240 of  
23 professional time for each year that RDC continued to serve under the Contract (the  
24 "Retention Bonus"). Plaintiff did not pay any of the Retention Bonus to RDC during fiscal  
25 year 2018 and, accordingly, there remains an outstanding balance of \$118,000 due and  
26 owing to RDC. Interest has accrued and is accruing on this amount at the rate of 1.5% per  
27 month.  
28



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Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield, David Erichsen, Guang Liu, Plaintiff's board members during the relevant time periods, Christi El-Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled. In addition to the Contract, board meetings and other documents referred to herein, RDC's damages are also reflected in the invoices RDC provided to Plaintiff, including but not limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298, 1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361, 1370-1374, 1394, 1398 and 1410.

C. Personnel Costs

Plaintiff was obligated to reimburse RDC for the costs of key executives who report to Plaintiff's CEO including, without limitation, the Chief Financial Officer, Medical Director, Chief Operations Officer and Director of Nursing, as well as healthcare consultants hired to assist these executives. Following Plaintiff's termination of the Contract, RDC submitted invoices for these costs which Plaintiff has failed to pay.

D. Invoice #1214

On or about September 29, 2015, RDC submitted its Invoice #1214, which detailed all of the total fees due and owing by Plaintiff to RDC as a result of RDC's agreement to perform services at a rate below fair market value to assist Plaintiff in continuing as a going concern while it managed the extraordinary circumstances caused by its former employees, the Navajo Area IHS investigation, subsequent litigation and related matters. The total of the fees due and owing at the time of Invoice #1214 was \$7,042,713.52. During Plaintiff's Special Board of Directors Meeting held November 14, 2015, Plaintiff's board unanimously approved Invoice #1214.

Plaintiff has failed and/or refused to pay Invoice #1214. Interest has accrued and continues to accrue on Invoice #1214 at the rate of 1.5% per month and the amount now due totals approximately \$32,157,059.

E. Invoice # 1370

On or about September 11, 2018, RDC submitted its Invoice #1370, which detailed



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1 charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in the  
 2 amount of \$31,678.32. Plaintiff has failed and/or refused to pay Invoice #1370. Interest has  
 3 accrued and continues to accrue on Invoice #1370 at the rate of 1.5% per month and the  
 4 amount now due totals approximately \$173,110.

5 F. Invoice #1372

6 On or about September 11, 2018, RDC submitted its Invoice #1370, which detailed  
 7 charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in the  
 8 amount of \$129,986.76. Plaintiff has failed and/or refused to pay Invoice #1372. Interest  
 9 has accrued and continues to accrue on Invoice #1372 at the rate of 1.5% per month and  
 10 the amount now due totals approximately \$347,262.

11 G. Invoice #1373

12 On or about September 6, 2018, RDC submitted its Invoice #1370, which detailed  
 13 charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in the  
 14 amount of \$106,120.38. Plaintiff has failed and/or refused to pay Invoice #1373. Interest  
 15 has accrued and continues to accrue on Invoice #1373 at the rate of 1.5% per month and  
 16 the amount now due totals approximately \$283,502.

17 H. Invoice #1374

18 On or about October 4, 2018, RDC submitted its Invoice #1370, which detailed  
 19 charges for Personnel Costs and reimbursements due and owing by Plaintiff to RDC in the  
 20 amount of \$156,120.38. Plaintiff has failed and/or refused to pay Invoice #1374. Interest  
 21 has accrued and continues to accrue on Invoice #1374 at the rate of 1.5% per month and  
 22 the amount now due totals approximately \$283,502.

23 I. Invoice #1396

24 On or about August 5, 2019, RDC submitted its Invoice #1396, which detailed  
 25 Personnel Costs due and owing by Plaintiff in the amount of ~~\$330,648.50~~ \$175,648.50.  
 26 Plaintiff has failed and/or refused to pay Invoice #1396. Interest has accrued and continues  
 27 to accrue on Invoice #1396 at the rate of 1.5% per month and the amount now due totals  
 28 approximately ~~\$749,892~~ \$422,805.80.



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Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield, David Erichsen, Guang Liu, Plaintiff's board members during the relevant time periods, Christi El-Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled. In addition to the Contract, board meetings and other documents referred to herein, RDC's damages are also reflected in the invoices RDC provided to Plaintiff, including but not limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298, 1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361, 1370-1374, 1394, 1398 and 1410.

J. Invoice #1403

On or about June 30, 2014, RDC submitted its Invoice #1182, which included the Incentive Fee due and owing by Plaintiff in the amount of \$1,842,550. Plaintiff paid a portion of that Incentive Fee. However, there remains due and owing \$852,680.39. On February 11, 2020, RDC submitted its Invoice # 1403, which details the outstanding balance of the Incentive Fee. Interest has accrued and continues to accrue on Invoice #1403 at the rate of 1.5% per month and the amount now due totals approximately \$2,179,105.37.

K. D&O Insurance Reimbursement

Plaintiff was obligated to provide D&O insurance for RDC with adequate tail coverage to protect RDC, Mr. Razaghi, and any successor CEO and Key Executives (as those terms are defined in the Contract) from any claims made after the expiration or termination of the Contract for any actions or omissions alleged to have occurred during the term of the Contract. Plaintiff failed to provide the insurance during FY 2018 and, consequently, RDC was forced to obtain the coverage itself. On or about August 5, 2019, RDC submitted its Invoice No. 1398, which included, among other charges, the premium RDC was forced to pay due to Plaintiff's failure to provide the required insurance coverage. RDC seeks the recovery of the premiums it paid along with accrued and accruing interest at the rate of 1.5% per month, which as of March 31, 2024 total \$33,321.00.

Ahmad Razaghi, Tausif Hasan, Allen Billings, Todd McGee, Tadd Greenfield, David Erichsen, Guang Liu, Plaintiff's board members during the relevant time periods,



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Christi El-Meligi and/or Netrishia Dalgai may testify as to the damages to which RDC is entitled. In addition to the Contract, board meetings and other documents referred to herein, RDC's damages are also reflected in the invoices RDC provided to Plaintiff, including but not limited to Invoice Nos. 1244-1269, 1272, 1276, 1280, 1284, 1288, 1292-1293, 1297-1298, 1311-1312, 1316, 1319, 1232, 1327, 1331, 1335, 1340, 1344, 1348, 1353, 1357, 1361, 1370-1374, 1394, 1398 and 1410.

**INTERROGATORY NO. 10:**

Identify whether any Defendant contends that it is entitled to any portion of the funds in the escrow account opened by Sage at Wells Fargo Bank on June 16, 2016, as detailed in Paragraphs 120-21 of Plaintiff's Third Amended Complaint (Doc. 192); and, if so, identify the amount claimed and all factual and legal support for that position.

**RESPONSE:**

No Defendant other than RDC was a party to a contract with Plaintiff that provided for the establishment of the escrow account or its uses. RDC does not contend that it is entitled to any portion of the escrow account.

**INTERROGATORY NO. 11:**

Identify in detail all contractual terms that You contend were in place between Razaghi Healthcare and Sage at each time during the Relevant Time Period. This includes identifying each amendment to the terms of the CEO Services Contract that You contend occurred and, for each amendment, identifying when You contend each amended provision was in effect.

**RESPONSE<sup>5</sup>:**

In light of the clarification of this interrogatory provided during the parties' meet and confer on March 26, 2024, and Plaintiff's counsel's email dated March 28, 2024,

<sup>5</sup> Defendants supplemented their response to this interrogatory on June 5, 2024. Defendants believe that this supplemental response meets the substance of the interrogatory.



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1 Defendants supplement this response as follows:

2 For the relevant portion of Fiscal Year 2011 and for Fiscal Years 2012 and 2013,  
3 the Base Pay rate of \$175 per hour set forth in § 5(A) of the Navajo Health Foundation –  
4 Sage Memorial Hospital, Inc. CEO Services Contract dated March 18, 2011 was in effect.  
5 After considering HealthCare Appraisers Incorporated's Determination of the Fair Market  
6 Value of Hospital Management Services dated December 23, 2013, which indicated,  
7 among other things, that the fair market range for Mr. Razaghi's services was \$340 per  
8 hour to \$530 per hour, the Fiscal Year 2014 Base Pay rate was adjusted to \$425 per hour  
9 and discounted to \$175 per hour.

10 On or about May 1, 2014, the Base Pay rate was adjusted to \$530 per hour, which  
11 after applying a \$175 per hour discount resulted in an increase of the Base Pay rate from  
12 \$175 per hour to \$355 per hour. This increase was reflected in the backup information that  
13 accompanied RDC's Invoice #1180, which was submitted to Plaintiff on or about June 2,  
14 2014. On September 26, 2014, Plaintiff's board of directors approved a continuing  
15 resolution pursuant to which it adopted Plaintiff's Fiscal Year 2014 operating budget as  
16 the Fiscal Year 2015 operating budget. In May 2015, the Base Pay rate was adjusted to  
17 \$495 per hour.

18 In its letter dated October 2, 2015, RDC reminded Plaintiff of its request that RDC  
19 carry forward a portion of each of its service invoices as discounts below fair market value.  
20 RDC informed Plaintiff that it had been carrying these costs since January 2014. As of  
21 September 29, 2015, the balance due on those unpaid costs totaled \$7,042,713.52 and,  
22 accordingly, RDC's Invoice #1214 in that amount was submitted with its letter. At  
23 Plaintiff's board of directors meeting held November 14, 2015, RDC reported to Plaintiff's  
24 board of directors on Invoice #1214 and the \$7.042 million carry forward cost. Plaintiff's  
25 board voted unanimously to approve Invoice #1214. By this action, Plaintiff's board  
26 approved any rate charged by RDC for the period of time covered by Invoice #1214,  
27 provided the rate was within the highest fair market value rate for Mr. Razaghi's services  
28 and the discounted rate charged to Plaintiff.



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1 On October 7, 2015, Plaintiff's board of directors approved Plaintiff's Fiscal Year  
2 2016 operating budget. In connection with this approval, Plaintiff's board received and  
3 reviewed the Navajo Health Foundation – Sage Memorial Hospital FY2016 Budget  
4 Review. Included in that document was an Executive Management and Consulting  
5 Services Rate Sheet which, among other things, showed that for Fiscal Year 2016 that RDC  
6 would charge \$530 per hour for Mr. Razaghi services which, after applying a 6.6%  
7 discount, resulted in a discounted hourly rate of \$495 per hour.

8 On September 27, 2016, Plaintiff's board of directors approved a continuing  
9 resolution pursuant to which it adopted Plaintiff's Fiscal Year 2016 operating budget as  
10 Plaintiff's Fiscal Year 2017 operating budget. In connection with the adoption of this  
11 continuing resolution, Plaintiff's board received and reviewed the Navajo Health  
12 Foundation – Sage Memorial Hospital Continuing Resolution – FY2017 Budget. Included  
13 in that document was an Executive Management and Consulting Services Rate Sheet  
14 which, among other things, showed that for Fiscal Year 2017 that RDC would charge \$530  
15 per hour for Mr. Razaghi services which, after applying a 6.6% discount, resulted in a  
16 discounted hourly rate of \$495 per hour.

17 On August 25, 2017, Plaintiff's board of directors approved a continuing resolution  
18 pursuant to which it adopted Plaintiff's Fiscal Year 2017 operating budget as Plaintiff's  
19 Fiscal Year 2018 operating budget. In connection with the adoption of this continuing  
20 resolution, Plaintiff's board received and reviewed the Navajo Health Foundation – Sage  
21 Memorial Hospital Continuing Resolution Adopting Fiscal Year 2018 Budget (Adopting  
22 fiscal year 2017 budget for fiscal year 2018). Included in that document was an Executive  
23 Management and Consulting Services Rate Sheet which, among other things, showed that  
24 for Fiscal Year 2018 that RDC would charge \$530 per hour for Mr. Razaghi services  
25 which, after applying a 6.6% discount, resulted in a discounted hourly rate of \$495 per  
26 hour.

27 Other than as discussed above, Defendants are unaware of any contractual term that  
28 was not in place during the term of the CEO Services Contract dated March 18, 2011,



1 Amendment No. 1 and Extension No. 1 to CEO Services Contract dated May 17, 2013 and  
2 Amendment No. 2 to CEO Services Contract dated June 16, 2017 (as amended on  
3 December 15, 2017).

4 DATED this 23<sup>rd</sup> day of September, 2024.

5 **THORPE SHWER, P.C.**

6  
7 By /s/ André H. Merrett  
8 André H. Merrett  
9 Bradley D. Shwer  
10 Matthew T. St. Martin  
11 *Attorneys Defendants Razaghi*  
12 *Development Company, LLC, Ahmad*  
13 *R. Razaghi and Tausif Hasan*  
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THORPE SHWER, P.C.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of September, 2024, the foregoing document was served via electronic mail on the following:

D. Samuel Coffman  
Bradley A. Burns  
Amanda E. Newman  
Mitchell P. Reber  
Dickinson Wright PLLC  
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**Attorneys for Plaintiff**

/s/ Brandi Kline

THORPE SHWER, P.C.



THORPE SHWER, P.C.

**VERIFICATION**

I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Second Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct.

DATED this \_\_\_\_ day of September, 2024.

By: \_\_\_\_\_  
Ahmad Razaghi

I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Second Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct.

DATED this \_\_\_\_ day of September, 2024.

By: \_\_\_\_\_  
Tausif Hasan

I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Second Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct. I am authorized to make this verification on behalf of Razaghi Development Company, LLC.

DATED this \_\_\_\_ day of September, 2024.

Razaghi Development Company, LLC

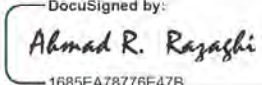
By: \_\_\_\_\_

Its: \_\_\_\_\_

**VERIFICATION**

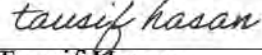
I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Third Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct.

DATED this 25 day of September, 2024.

By:   
Ahmad Razaghi

I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Third Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct.

DATED this 25 day of September, 2024.

By:   
Tausif Hasan

I declare under penalty of perjury that to the best of my knowledge, information, and belief, the factual information contained in Defendants' Third Supplemental Responses to Plaintiff's First Set of Interrogatories is true and correct. I am authorized to make this verification on behalf of Razaghi Development Company, LLC.

DATED this 25 day of September, 2024.

Razaghi Development Company, LLC

By:   
Its: Vice President

THORPE SHWER, P.C.



# **EXHIBIT 44**

**Navajo Health Foundation**



**Sage Memorial Hospital**

POST OFFICE BOX 457 | GANADO, ARIZONA 86505 | PH (928) 7554559 | FAX (928) 7554659

Special Board of Directors Meeting  
Saturday, November 14, 2015 @ 9:00 AM  
FireSky Resort, Fuego Meeting Room  
Scottsdale, AZ

MINUTES

Chairperson Wauneka called the meeting to order at 9:04 AM.

Ms. Ray Ann Terry conducted roll call.

Present at the meeting:

Board Members: Chairperson Mr. Stenson Wauneka, Vice Chairperson Ms. Linda Yazzie (teleconference), Secretary Ms. Ray Ann Terry, Treasurer Ms. April Dedman (teleconference), Mr. Ambrose Shepherd excused absence, Mr. Andrew Simpson, Ms. Maybelle Kelewood, Ms. Joyce Moore

Executive Leadership: Ms. Christi El-Meligi, Chief Executive Office, Ms. Netrishia Dalgai, Director of Operations

Management: Mr. Ahmad R. Razaghi,

Approval of Agenda

Motion by Ms. Yazzie to approve the agenda, by Ms. Dedman. Vote 7-0-0.

Approval of Minutes

*The Board reviewed minutes from the Regular Board Meeting on August 21, 2015, the Regular Board Meeting on August 22, 2015, the Board Officers Meeting on August 27, 2015, the Special Board Meeting on September 10, 2015, the Wide Ruins Work Session on September 25, 2015, the Special Board Meeting on October 7, 2015, and the Special Board Meeting on October 30, 2015. Ms. Kelewood noted that Board Public Relations report from the August 21, 2015 Regular Board Meeting had not been approved. Mr. Wauneka stated that it can be added to a future agenda as an annual Board Public Relations report. Mr. Simpson request to have it noted that all Board Public Relations on August 21, 2015 agenda was necessary as a result of*



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*the extraordinary circumstances caused by the actions of the disgruntled ex employees. Mr. Razaghi added that Sage has retained expert consultants and witnesses who can attest to the necessity.*

*Motion by Ms. Yazzie to accept the Minutes with grammar corrections the changes by Ms. Moore. Vote 7-0-0.*

October 19, 2015– The Navajo Nation Office of Labor Relations dismissal of claims filed by Michael Katigbak

*Mr. Razaghi reported to the Board that the claim submitted by Mr. Katigbak, an employee of Razaghi Healthcare had been denied by the NN ONLR. Mr. Razaghi apologized to the Board for the inconvenience caused by the actions of Mr. Katigbak.*

*Motion by Ms. Kelewood to approve the report on October 19, 2015 The Navajo Nation Office of Labor Relations dismissal of claims filed by Michael Katigbak by Ms. Moore. Vote 7-0-0.*

Razaghi Healthcare Invoice #1214, FY2014 and FY2015 \$7.042 million carry forward cost

*Mr. Razaghi reported to the Board the \$7.042 Million in discounts below fair market value for fiscal year 2014 and 2015.*

*Ms. Moore motioned to enter into executive session at 9:42 A.M.  
Ms. Kelewood motioned to exit executive session at 10:13 A.M.*

*Motion by Ms. Terry to accept the discounts as discussed by Ms. Moore. Vote 7-0-0.*

Resolution Certificate of Incumbency and Investment Statement Policy as prepared by Wells Fargo Bank, N.A. , Certificate of Incumbency, Wells Fargo Philanthropic Services, Investment Policy Statement, Wells Fargo Investment Presentation for Sage Memorial Hospital, Wells Fargo Investments Account Customization Form , Wells Fargo Nonprofit Services Agreement, Wells Fargo Securities Cash Transfer Form, Navajo Health Foundation – Sage Memorial Hospital IRS Form W9,

*Mr. Razaghi presented the Resolution Certificate of Incumbency and Investment Statement Policy as prepared by Wells Fargo Bank, N.A. Certificate of Incumbency, Wells Fargo Philanthropic Services, Investment Policy Statement, Wells Fargo Investment Presentation for Sage Memorial Hospital, Wells Fargo Investments Account Customization Form, Wells Fargo Nonprofit Services Agreement, Wells Fargo Securities Cash Transfer Form, Navajo Health Foundation – Sage Memorial Hospital IRS Form W9. He explained that this will allow for the execution of the investment account and philanthropic services through Wells Fargo Bank. Ms. Terry questioned the benefit of the investment fund and where the money to fund the investments was obtained? Ms.*

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*Kelewood asked if there was a maturity date relating to the investments. Mr. Razaghi explained that the investment monies would be derived from the hospital's cash account and that the portfolio prepared by the bank is very conservative. The ~~effort~~ would be that the investments will provide diversity of the hospital's funds. He also stated ~~the~~ funds were not restricted ~~and~~ would be invested in mutual funds and stocks therefore, maturity date ~~Ms. Yazzie~~ stated this was a move in the right direction for the hospital. Ms. El-Meligi read the resolution into the record.*

*Motion by Mr. Simpson to accept the report on ~~Resolution~~ Certificate of Incumbency and Investment Statement Policy as prepared by Wells Fargo Bank, N.A. <sup>2<sup>nd</sup></sup> by Ms. Kelewood. Vote 7-0-0.*

Chief Executive Officer Report , Quality Council August 26, 2015, September 23, 2015, October 28, 2015

*Ms. El-Meligi presented the report on the Quality Council meetings for August 26, 2015, September 23, 2015, and October 28, 2015. Ms. Moore, Mr. Simpson, and Ms. Kelewood reported to the Board on their attendance at the meetings. Mr. Simpson stated that the Quality Council program serves to ensure high quality patient care and continued performance improvement for the hospital.*

*Motion by Ms. Kelewood to accept the reports on Quality Council <sup>1<sup>st</sup></sup> by Ms. Moore. Vote 7-0-0.*

Medical Staff Appointments, initial appointments - Sherron Cook, PAC - Physician Assistant, Patrice Churchill, DO - Family Practice, Mark Lockett, MD - Emergency Medicine, Michael Colonna, DO - Emergency Medicine

*Ms. El-Meligi presented to the Board, the various providers who were recommended to the Board by the Sage Hospital Medical Executive Committee for appointment to the Sage Hospital Medical Staff.*

*Motion by Mr. Simpson to approve all recommendations for initial appointment to the Sage Hospital Medical Staff, <sup>2<sup>nd</sup></sup> by Ms. Kelewood. Vote 7-0-0.*

Medical Staff Appointments, reappointments Edward Young, MD - Family Practice, Robert Mahanti, MD - Ophthalmology, Lisa York, MD - Internal Medicine, Kathryn Wray, PAC - Physician Assistant

*Ms. El-Meligi presented to the Board, the various providers who were recommended to the Board by the Sage Hospital Medical Executive Committee for reappointment to the Sage Hospital Medical Staff.*



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*Motion by Ms. Moore to approve all recommendations for reappointment to the Sage Hospital Medical Staff, 2<sup>nd</sup> by Ms. Dedman. Vote 7-0-0.*

**Resolution Update Administrator for MGKS Employee Pension Plan**

*Ms. El-Meligi presented the resolution to update the administrator for the MGKS Employee Pension Plan, as the plan administrator is no longer employed by Sage Hospital. She stated that Mr. McGee, who is Sage's CFO as provided through the Razaghi Health Management contract with the Board shall become the plan's administrator. Mr. Razaghi reassured the Board that as the plan administrator, Mr. McGee will have authority to deposit funds into the plan account and will not have the authority to withdraw funds. Ms. El-Meligi read the resolution into the record.*

*Motion by Ms. Moore to approve the Resolution to update the administrator for MGKS Employee Pension Plan, 2<sup>nd</sup> by Mr. Simpson. Vote 7, 0, 0.*

**Announcements**

*Ms. Dalgai presented the announcements to the Board  
Annual Board of Directors Meeting @ Talking Stick Resort Scottsdale, AZ- November 18,  
19, & 20 2015  
Sage Memorial Hospital Annual Employee Appreciation Luncheon, November 24, 2015 @  
11:00am, Sage Memorial Hospital Wellness Center*

**Trainings and Conferences**

- 1. Falmouth Institute: National Indian Board and Council Members Conference, Las Vegas, NV – December 9-11, 2015*
- 2. Falmouth Institute Leadership Skills for Native Women, Las Vegas, NV December 10-11, 2015*
- 3. Falmouth Institute: Strategic Planning for Tribes and Tribal Organizations, Las Vegas, NV – January 25-26, 2016*
- 4. Falmouth Institute: The Indian Self-Determination Act: Contracting and Impacting Under P.L. 93-638, Las Vegas, NV – January 25-26, 2016*
- 5. Falmouth Institute: Indian Water Rights and Water Law, Las Vegas, NV February 17-18, 2016*
- 6. Native Nation: Third Annual Tribal Financial Management Symposium, Pal Springs, CA – December 3, 2015*
- 7. Native Nation: National Native American Leadership Forum, Las Vegas, NV December 8, 2015*
- 8. Rural Health Care Leadership Conference, Arizona Grand Resort & Spa, Phoenix, AZ – February 7-10, 2016*
- 9. Ms Terry recommended that the entire Board attend the Rural Health Care Leadership Conference, Arizona Grand Resort & Spa, Phoenix, AZ February 7-10, 2016*

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The Board adjourned the meeting at 11:23 a.m.

*Motion by Ms. Moore to adjourn the meeting<sup>2<sup>nd</sup></sup> by Ms. Kelewood. Vote 7-0-0.*